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As filed with the Securities and Exchange Commission on April 22, 2019.

Registration No. 333-

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM F-1**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**LUCKIN COFFEE INC.**

(Exact name of Registrant as specified in its charter)

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**Not Applicable**

(Translation of Registrant's name into English)

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**Cayman Islands**  
(State or other jurisdiction of  
incorporation or organization)

**5810**  
(Primary Standard Industrial  
Classification Code Number)

**Not Applicable**  
(I.R.S. Employer  
Identification Number)

**17F Block A, Tefang Portman Tower  
No. 81 Zhanhong Road  
Siming District, Xiamen, Fujian  
People's Republic of China, 361008  
+86-592-3386666**

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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**Cogency Global Inc.  
10 E. 40th Street, 10th Floor  
New York, NY 10016  
+1 800-221-0102**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

If an emerging growth company that prepares its financial statements in accordance with US GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

#### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price <sup>(1)</sup>	Amount of registration fee
Class A ordinary shares, par value US\$0.000002 per share <sup>(2)(3)</sup>	US\$100,000,000	US\$12,120

- (1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.
- (2) Includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public, and also includes Class A ordinary shares that may be purchased by the underwriters pursuant to an over-allotment option. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.
- (3) American depositary shares issuable upon deposit of the Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No.333- ). Each American depositary share represents Class A ordinary shares.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

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

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion  
Preliminary Prospectus dated \_\_\_\_\_, 2019

## American Depositary Shares



### Luckin Coffee Inc.

(incorporated in Cayman Islands)

### Representing \_\_\_\_\_ Class A Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing Class A ordinary shares of Luckin Coffee Inc.

We are offering \_\_\_\_\_ ADSs. Each ADS represents \_\_\_\_\_ of our Class A ordinary shares, par value US\$0.000002 per share.

Prior to this offering, there has been no public market for the ADSs or our shares. It is currently estimated that the initial public offering price per ADS will be between US\$ \_\_\_\_\_ and US\$ \_\_\_\_\_.

We have applied for listing the ADSs on the Nasdaq Global Select Market under the symbol "LK."

We are an "emerging growth company" under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

See "Risk Factors" beginning on page 15 for factors you should consider before investing in the ADSs.

**Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

	<u>Per ADS</u>	<u>Total</u>
Public offering price	US\$ _____	US\$ _____
Underwriting discounts and commissions <sup>(1)</sup>	US\$ _____	US\$ _____
Proceeds, before expenses, to us	US\$ _____	US\$ _____

(1) See "Underwriting" for additional disclosure regarding compensation payable by us to the underwriters.

The underwriters have a 30-day option to purchase up to an additional \_\_\_\_\_ ADSs from us at the initial public offering price less the underwriting discounts and commissions.

Conditional upon and effective immediately prior to the completion of this offering, our outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any non-affiliate to such holder, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share. Conditional upon and effective immediately prior to the completion of this offering, the Pre-IPO Shareholders will beneficially own all of our issued and outstanding Class B ordinary shares. Based on an assumed initial public offering price of US\$ \_\_\_\_\_ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, these Class B ordinary shares will constitute approximately \_\_\_\_\_ % of our total issued and outstanding share capital and \_\_\_\_\_ % of the aggregate voting power of our total issued and outstanding share capital immediately upon the completion of this offering, assuming the underwriters do not exercise their over-allotment option, and the issuance of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V.

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on \_\_\_\_\_, 2019.

Credit Suisse

Morgan Stanley

CICC

Haitong International

The date of this prospectus is

, 2019.

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## ANY MOMENT

**2nd largest**  
Leadership In China <sup>(1)</sup>

**2,370 stores** <sup>(2)</sup>  
Stores 100% self owned

**>16.8mn**  
Customers Cumulative transacting customers <sup>(3)</sup>

**~90mn**  
Transactions Total Items sold in 2018

(1) According to the Frost & Sullivan Report. In terms of number of stores as of December 31, 2018 and cups of coffee sold in 2018

(2) As of March 31, 2019

(3) Total number of transacting customers since our Inception as of March 31, 2019

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We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters have not authorized any other person to provide you with different or additional information. Neither we nor the underwriters are making an offer to sell the ADSs in any jurisdiction where the offer or sale is not permitted. This offering is being made in the United States and elsewhere solely on the basis of the information contained in this prospectus. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

Until \_\_\_\_\_, 2019 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and the related notes appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under "Risk Factors" and information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding whether to buy the ADSs. This prospectus contains information derived from various public sources and certain information from the Frost & Sullivan Report and the Frost & Sullivan Customer Survey. Such information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in this industry report and survey. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in this report and survey.*

## OUR COMPANY

Our mission is to be part of everyone's everyday life, starting with coffee.

### Overview

We are China's second largest and fastest-growing coffee network, in terms of number of stores and cups of coffee sold, according to the Frost & Sullivan Report. We have pioneered a technology-driven new retail model to provide coffee and other products with high quality, high affordability and high convenience to our customers. We believe that our disruptive model has fulfilled the large unmet demand for coffee and driven its mass market consumption in China, while allowing us to achieve significant scale and growth since our inception.

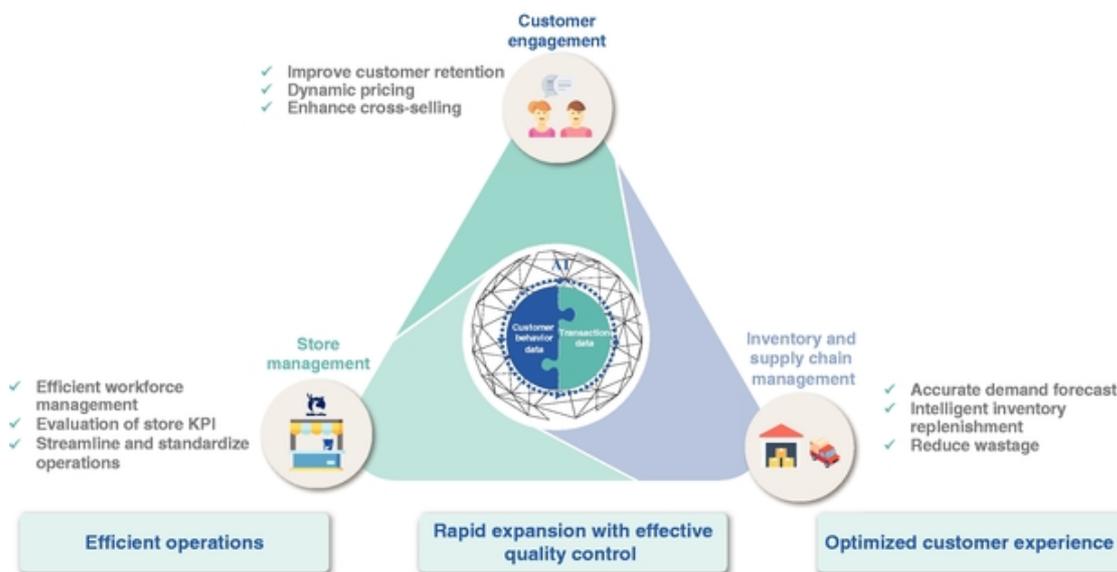
Driven by technology, our new retail model is built upon our mobile apps and store network.

- **Mobile apps:** Our mobile apps cover the entire customer purchase process, offering our customers a 100% cashier-less environment. This enhances our customer experience, improves our operating efficiency, and allows us to stay connected with our customers and engage them anytime, anywhere.
- **Store network:** While operating three types of stores, we strategically focus on pick-up stores, which accounted for 91.3% of our total stores as of March 31, 2019. Our pick-up stores have limited seating and are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. This enables us to stay close to our target customers and expand rapidly with low rental and decoration costs.

By disrupting the status quo of the traditional coffee shop model, we have gained significant cost advantages and provided attractive value propositions to our customers.

Technology is at the core of our business. With our centralized technology system, we are able to simplify and standardize our operations, which allows us to improve operational efficiency and quickly expand and scale up our business. We leverage big data analytics and AI to analyze our customer behavior and transaction data, which enables us to continuously enhance our products and services, implement dynamic pricing and improve customer retention. We also leverage our proprietary technologies in store operations and supply chain to support our business, such as new store selection,

inventory management and workforce management. Our focus on technologies has enabled us to operate efficiently, grow rapidly while maintaining quality control.



We offer premium coffee and other high-quality products to our customers. We source premium Arabica coffee beans from prominent suppliers and engage World Barista Champion teams to design our coffee recipes. We procure coffee machines and coffee condiments from renowned global suppliers such as Schaerer. Our coffee has won numerous awards, including most recently the Gold Medal in the 2018 IIAC International Coffee Tasting competition. We also partner with reputable suppliers for our other products such as juices and light meals. Due to our scale, we are able to procure high-quality products from our suppliers at favorable prices.

Since inception, we have successfully built a brand of distinguished value propositions—high quality, high affordability and high convenience. We have also been able to cultivate a large and loyal customer base and achieve strong growth. Within 18 months, we expanded from a single trial store in Beijing to 2,370 stores in 28 cities in China as of March 31, 2019. We had over 16.8 million of cumulative transacting customers as of March 31, 2019. In addition, our customer repurchase rate in 2018 was over 54%.

China's coffee market is highly underpenetrated. Inconsistent qualities, high prices and inconvenience have hampered the growth of the freshly brewed coffee market in China. We believe that our model has successfully driven the mass market coffee consumption in China by addressing these pain points. We aim to become the largest coffee network in China, in terms of number of stores, by the end of 2019.

### Our Strengths

We believe that the following strengths contribute to our success:

- leading and fastest growing player driving coffee consumption in China;
- pioneer of disruptive new retail model;
- strong technology capabilities; and
- superior customer propositions: high quality, high affordability and high convenience.

### **Our Strategies**

We intend to achieve our mission and further grow our business by pursuing the following strategies:

- serve more people more frequently;
- expand our store network;
- introduce new product offerings; and
- continue to invest in technology.

### **Our Challenges**

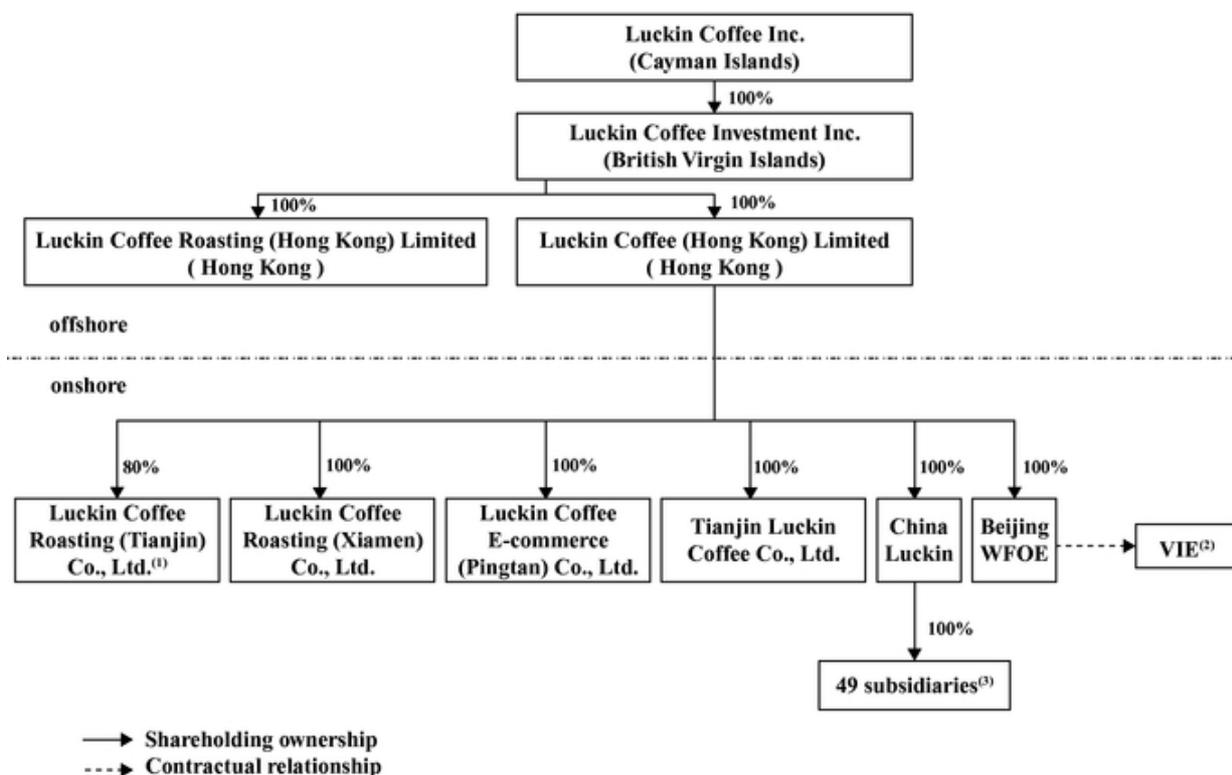
Investing in the ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties summarized below, the risks described under the "Risk Factors" section beginning on page 10 of, and the other information contained in, this prospectus before you decide whether to purchase the ADSs.

Our ability to achieve our mission and execute our strategies is subject to certain challenges, risks and uncertainties, including:

- our ability to sustain our historical growth rates and manage our rapid growth;
- our ability to obtain sufficient fund to expand our business and respond to business opportunities;
- our ability to acquire new customers or retain existing customers in a cost-effective manner;
- our ability to successfully operate our stores;
- our ability to manage our supply chain to continue to satisfy our future operation needs;
- our ability to maintain and update our technology infrastructure;
- our ability to compete efficiently as our products are not proprietary and we cannot prevent our competitors from selling similar products; and
- our ability to comply with the relevant laws and regulations in the PRC.

## Our History and Corporate Structure

We incorporated our current ultimate holding company in June 2017 and commenced our operations in October 2017. The following chart shows our corporate structure as of the date of this prospectus, including our principal subsidiaries and variable interest entity.



- (1) The remaining 20% equity interest in Luckin Coffee Roasting (Tianjin) Co., Ltd. was held by Forever Growth Enterprise Ltd., one of our roasted coffee bean suppliers.
- (2) Our director and chief executive officer, Ms. Jenny Zhiya Qian and one of our employees, Mr. Min Chen, currently hold 83.33% and 16.67% of the equity interest in the VIE, respectively.
- (3) As of the date of this prospectus, China Luckin has 49 direct and indirect wholly owned subsidiaries mainly operating coffee network.

## Recent Development

In April 2019, we agreed with Louis Dreyfus Company Asia Pte. Ltd., an affiliate of Louis Dreyfus Company B.V., a leading merchant and processor of agricultural goods, that two parties intend to incorporate a joint venture for constructing and operating a coffee roasting plant in China. In the meantime, Louis Dreyfus Company B.V. has agreed that in connection with and subject to the completion of this offering, it will purchase from us a number of Class A ordinary shares equal to US\$50 million divided by the price equal to the initial public offering price of our ADSs in this offering divided by the number of Class A Ordinary Shares represented by one ADS through a concurrent private placement transaction.

In April 2019, we issued 173,182 Series B-1 convertible redeemable preferred shares for an aggregate consideration of US\$150.0 million to certain investors, including private funds managed by BlackRock.

## Corporate Information

Our principal executive offices are located at 17F Block A, Tefang Portman Tower, No. 81 Zhanhong Road, Siming District, Xiamen, Fujian, People's Republic of China. Our telephone number at this address is +86-592-3386666.

Our registered office in the Cayman Islands is located at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Our agent for service of process in the United States is Cogency Global Inc. located at 10 E. 40th Street, 10th Floor New York, New York 10016.

Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our principal website is <https://www.luckincoffee.com>. The information contained on our website is not a part of this prospectus.

## Implications of Being an Emerging Growth Company

As a company with less than US\$1.07 billion in revenue for the last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012 (as amended by the Fixing America's Surface Transportation Act of 2015), or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions.

We will remain an emerging growth company until the earliest of (i) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

## Conventions Which Apply to this Prospectus

Unless we indicate otherwise, all information in this prospectus reflects the following:

- no exercise by the underwriters of their over-allotment option to purchase up to additional ADSs representing Class A ordinary shares from us; and

Except where the context otherwise requires and for purposes of this prospectus only:

- "ADSs" refers to the American depositary shares, each representing of our Class A ordinary shares;
- "CAGR" refers to compound annual growth rate;
- "China" or "PRC" refer to the People's Republic of China, excluding, for the purpose of this prospectus only, Taiwan, Hong Kong and Macau;

- "Class A ordinary shares" refers to our Class A ordinary shares of par value US\$0.000002 per share;
- "Class B ordinary shares" refers to our Class B ordinary shares of par value US\$0.000002 per share;
- "Frost & Sullivan Customer Survey" refers to the Luckin customer survey conducted by Frost & Sullivan, an independent market research firm, in January 2019;
- "Frost & Sullivan Report" refers to an industry report commissioned by us and prepared by Frost & Sullivan, an independent market research firm, in February 2019 and updated in April 2019, to provide information regarding our industry and our market position;
- "item sold" refers to an item transacted on our mobile apps or through third-party platforms in a given period, regardless of whether the item was paid for or was merely ordered through our free product marketing initiative;
- "Luckin", "we," "us," "our company," and "our," refer to Luckin Coffee Inc., a Cayman Islands company, its subsidiaries and, in the context of describing our operations and consolidated financial statements, its VIE;
- "ordinary shares" as of the date hereof refers to our ordinary shares of par value US\$0.001 per share and, conditional upon and effective immediately prior to the completion of this offering, collectively, our Class A ordinary shares of par value US\$0.000002 per share and Class B ordinary shares of par value US\$0.000002 per share;
- "our mobile apps" refers to our self-developed mobile apps, including Luckin mobile app and Weixin mini program;
- "Pre-IPO Shareholders" refers to all existing shareholders of our company as of the date of this prospectus;
- "repurchase rate" during a period refers to the percentage of our transacting customers who have been our customers for at least three months and have made at least two transactions with us during that period of time out of our total transacting customers who have been our customers for at least three months as of the end of that period;
- "RMB" or "Renminbi" refers to the legal currency of the People's Republic of China;
- "transacting customer" refers to a customer who bought at least one item we offer on our mobile apps or through third-party platforms in a given period, regardless of whether the customer paid for the item or merely ordered through our free product marketing initiative. Each unique mobile account is treated as a separate customer for purposes of calculating transacting customer;
- "US\$," "dollars" or "U.S. dollars" refers to the legal currency of the United States; and
- "variable interest entity" or "VIE" refers to Beijing Luckin Coffee Technology Ltd., which is a PRC company in which we do not have equity interests but whose financial results have been consolidated into our consolidated financial statements in accordance with United States generally accepted accounting principles, or U.S. GAAP, due to our having effective control over, and our being the primary beneficiary of, such entity.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at RMB6.7112 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on March 29, 2019. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. On April 12, 2019, the noon buying rate for Renminbi was RMB6.7039 to US\$1.00.

## THE OFFERING

Offering price	We currently estimate that the initial public offering price will be between US\$            and US\$            per ADS.
ADSs offered by us	ADSs (or            ADSs if the underwriters exercise their over-allotment option in full).
The ADSs	<p>Each ADS represents            Class A ordinary shares, par value US\$0.000002 per share. The depositary will hold the Class A ordinary shares underlying the ADSs. You will have rights as provided in the deposit agreement.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares, after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.</p> <p>You may turn in the ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any exchange.</p> <p>We may amend or terminate the deposit agreement without your consent. If you continue to hold the ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.</p> <p>To better understand the terms of the ADSs, you should carefully read the "Description of American Depositary Shares" section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
Ordinary shares	<p>We will issue            Class A ordinary shares represented by ADSs in this offering.</p> <p>We will issue            Class A ordinary shares to Louis Dreyfus Company B.V. based on an assumed initial public offering price of US\$            per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus.</p> <p>We have adopted a dual-class ordinary share structure and a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. Our authorized share capital upon the completion of this offering will be US\$50,000 divided into 25,000,000,000 shares with a par value of US\$0.000002 each, comprising (i) 20,000,000,000 Class A ordinary shares with a par value of US\$0.000002 each, and (ii) 5,000,000,000 Class B ordinary shares with a par value of US\$0.000002 each.</p> <p>Any option or warrant will entitle the holder to the equivalent number of ordinary shares once exercising conditions are met.</p> <p>See "Description of Share Capital."</p>

Ordinary shares outstanding immediately after this offering	Immediately upon completion of this offering, and the issuance of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V.        ordinary shares will be outstanding, comprising        Class A ordinary shares, par value US\$0.000002 per share (or        Class A ordinary shares if the underwriters exercise their option to purchase additional ADSs in full), including        Class A ordinary shares issued in connection with the concurrent private placement to Louis Dreyfus Company B.V., which number of shares has been calculated based on the assumed initial offering price of US\$        per ADS, being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, and        Class B ordinary shares. See "Capitalization." The number of ordinary shares outstanding immediately after this offering and the concurrent private placement does not include the Class A ordinary shares issuable upon the exercise of options outstanding under 2019 Share Option Plan as of the date of this prospectus.
Concurrent Private Placement	In connection with and subject to the completion of this offering, Louis Dreyfus Company B.V. has agreed to purchase from us a number of Class A ordinary shares equal to US\$50 million divided by the price equal to the initial public offering price of our ADSs in this offering divided by the number of Class A Ordinary Shares represented by one ADS. The investments are being made pursuant to Regulation S of the U.S. Securities Act of 1933, as amended. See "Underwriting" for more information. The investor has agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any ordinary shares acquired in the concurrent private placement for a period of 180 days after the date of this prospectus.
Over-allotment option	We have granted to the underwriters an option, which is exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of        additional ADSs.
Use of proceeds	We expect to receive net proceeds of approximately US\$        million from this offering and the concurrent private placement to Louis Dreyfus Company B.V., after deducting underwriting discounts and commissions and estimated offering expenses payable by us.  We plan to use the net proceeds of this offering and the concurrent private placement to Louis Dreyfus Company B.V. for general corporate purposes, which may include store network expansion, customer acquisition, research and development, sales and marketing, investment in our technology infrastructure, working capital, and other general and administrative matters. See "Use of Proceeds."

Lock-up	We, our directors, executive officers, all of our existing shareholders and option holders and our concurrent private placement investor have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any ADSs or ordinary shares or securities convertible into or exercisable or exchangeable for ADSs or ordinary shares for a period of 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting" for more information.
NASDAQ trading symbol	LK
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on _____, 2019.
Depository	The Bank of New York Mellon
Risk factors	See "Risk Factors" and other information included in this prospectus for discussions of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.

## OUR SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated statements of comprehensive loss data and summary consolidated cash flow data for the period from June 16, 2017, or the inception date, to December 31, 2017 and the year ended December 31, 2018 and the summary consolidated balance sheet data as of December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary unaudited interim condensed consolidated statements of comprehensive loss data and summary unaudited interim condensed consolidated cash flow data for the three months ended March 31, 2018 and 2019 and the summary unaudited interim condensed consolidated balance sheet data as of March 31, 2019 are derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial Data and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018		For the three months ended March 31,	
	RMB		RMB	US\$	2018	2019
				(in thousands)	RMB	US\$
<b>Summary Consolidated Statements of Comprehensive Loss Data:</b>						
<b>Net revenues:</b>						
Freshly brewed drinks	215	649,609	96,795	9,575	361,095	53,805
Other products	25	135,642	20,211	1,403	83,980	12,513
Others	10	55,444	8,261	1,976	33,435	4,982
<b>Total net revenues</b>	<b>250</b>	<b>840,695</b>	<b>125,267</b>	<b>12,954</b>	<b>478,510</b>	<b>71,300</b>
<b>Operating expenses:</b>						
Cost of materials	(789)	(532,217)	(79,303)	(9,419)	(275,812)	(41,097)
Store rental and other operating costs	(1,559)	(576,244)	(85,863)	(20,224)	(282,371)	(42,075)
Depreciation expenses	(917)	(106,690)	(15,897)	(3,965)	(83,979)	(12,513)
Sales and marketing expenses	(25,464)	(746,018)	(111,160)	(54,412)	(168,103)	(25,048)
General and administrative expenses	(22,005)	(379,738)	(56,583)	(39,022)	(172,962)	(25,772)
Store reopening and other expenses	(5,723)	(97,794)	(14,572)	(11,085)	(22,374)	(3,334)
<b>Total operating expenses</b>	<b>(56,457)</b>	<b>(2,438,701)</b>	<b>(363,378)</b>	<b>(138,127)</b>	<b>(1,005,601)</b>	<b>(149,839)</b>
<b>Operating loss</b>	<b>(56,207)</b>	<b>(1,598,006)</b>	<b>(238,111)</b>	<b>(125,173)</b>	<b>(527,091)</b>	<b>(78,539)</b>
Interest income	11	8,915	1,328	53	1,551	231
Interest and financing expenses	—	(16,121)	(2,402)	—	(7,945)	(1,184)
Foreign exchange (loss) gain, net	(175)	13,113	1,954	(6,409)	(8,640)	(1,287)
Other expenses	—	(7,777)	(1,159)	(700)	(1,337)	(199)
Change in the fair value of warrant liability	—	(19,276)	(2,872)	—	(8,322)	(1,240)
<b>Net loss before income taxes</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Income tax expense	—	—	—	—	—	—
<b>Net loss</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Add: accretion to redemption value of convertible redeemable preferred shares	—	(1,571,182)	(234,113)	—	(18,845)	(2,808)
Add: deemed distribution to a certain holder of Series B convertible redeemable preferred shares	—	—	—	—	(2,127)	(317)
<b>Net loss attributable to our company's ordinary shareholders and angel shareholders</b>	<b>(56,371)</b>	<b>(3,190,334)</b>	<b>(475,375)</b>	<b>(132,229)</b>	<b>(572,756)</b>	<b>(85,343)</b>

The following table presents our summary consolidated balance sheet data as of December 31, 2017 and 2018, our summary unaudited interim condensed consolidated balance sheet data as of March 31, 2019 and our summary unaudited interim condensed consolidated balance sheet data as of March 31, 2019 on a pro forma as adjusted basis.

	As of December 31,			As of March 31,			
	2017	2018		2019		2019	
	RMB	RMB	US\$	Actual		Pro forma as adjusted <sup>(1)</sup>	
				RMB	US\$	RMB	US\$
	(in thousands)						
<b>Summary Consolidated</b>							
<b>Balance Sheet Data:</b>							
Total current assets	259,108	2,428,676	361,885	1,782,471	265,597		
Cash and cash equivalents	219,096	1,630,983	243,024	1,158,841	172,673		
Total non-current assets	77,848	1,056,400	157,408	1,118,244	166,624	1,118,244	166,624
<b>Total assets</b>	<b>336,956</b>	<b>3,485,076</b>	<b>519,293</b>	<b>2,900,715</b>	<b>432,221</b>		
Total current liabilities	388,295	780,890	116,358	848,303	126,403	848,303	126,403
Total non-current liabilities	32	353,438	52,663	231,510	34,496	231,510	34,496
<b>Total liabilities</b>	<b>388,327</b>	<b>1,134,328</b>	<b>169,021</b>	<b>1,079,813</b>	<b>160,899</b>	<b>1,079,813</b>	<b>160,899</b>

- (1) on a pro forma as adjusted basis to reflect (i) the proceeds of US\$150.0 million from the issuance of 173,182 Series B-1 convertible redeemable preferred shares on April 17, 2019, (ii) the proceeds of US\$8.9 million for expected issuance of 15,211 Series B-1 convertible redeemable preferred shares to an affiliate of TTCO Trust Corporation Limited, or TTCO, and (iii) net proceeds of approximately US\$            million from this offering and the concurrent private placement to Louis Dreyfus Company B.V., at an assumed initial public offering price of US\$            per ADS being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table presents our summary consolidated cash flow data for the periods indicated below.

	Period from the inception date to December 31,			For the year ended December 31,		For the three months ended March 31,	
	2017	2018		2018		2019	
	RMB	RMB	US\$	RMB	RMB	US\$	
	(in thousands)						
<b>Summary Consolidated Cash Flow Data:</b>							
Net cash used in operating activities	(95,026)	(1,310,694)	(195,297)	(123,645)	(627,629)	(93,519)	
Net cash (used in)/generated from investing activities	(72,922)	(1,283,218)	(191,206)	(167,398)	76,645	11,421	
Net cash generated from financing activities	387,219	3,988,402	594,289	177,646	86,234	12,848	
Effect of foreign exchange rate changes on cash and cash equivalents	(175)	17,397	2,592	(4,980)	(7,392)	(1,101)	
Net increase/(decrease) in cash and cash equivalents	219,096	1,411,887	210,378	(118,377)	(472,142)	(70,351)	
Cash and cash equivalents at beginning of the period/year	—	219,096	32,646	219,096	1,630,983	243,024	
Cash and cash equivalents at end of the period/year	219,096	1,630,983	243,024	100,719	1,158,841	172,673	

The following table sets forth our unaudited consolidated quarterly results of operations for the periods indicated. You should read the following table in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited consolidated quarterly financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair representation of our operating results for the quarters presented.

	For the three months ended									
	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
<b>Net revenues:</b>										
Freshly brewed drinks	9,575	73.9%	100,518	82.7%	192,666	80.0%	346,850	74.6%	361,095	75.4%
Other products	1,403	10.8%	8,449	7.0%	34,397	14.3%	91,393	19.6%	83,980	17.6%
Others	1,976	15.3%	12,542	10.3%	13,736	5.7%	27,190	5.8%	33,435	7.0%
<b>Total net revenues</b>	<b>12,954</b>	<b>100.0%</b>	<b>121,509</b>	<b>100.0%</b>	<b>240,799</b>	<b>100.0%</b>	<b>465,433</b>	<b>100.0%</b>	<b>478,510</b>	<b>100.0%</b>
<b>Operating expenses:</b>										
Cost of materials	(9,419)	(72.7)%	(75,771)	(62.4)%	(151,648)	(63.0)%	(295,379)	(63.5)%	(275,812)	(57.6)%
Store rental and other operating costs	(20,224)	(156.1)%	(99,939)	(82.2)%	(172,547)	(71.7)%	(283,534)	(60.9)%	(282,371)	(59.0)%
Depreciation expenses	(3,965)	(30.6)%	(14,973)	(12.3)%	(28,873)	(12.0)%	(58,879)	(12.7)%	(83,979)	(17.6)%
Sales and marketing expenses	(54,412)	(420.0)%	(178,061)	(146.5)%	(225,255)	(93.5)%	(288,290)	(61.9)%	(168,103)	(35.1)%
General and administrative expenses	(39,022)	(301.2)%	(74,916)	(61.7)%	(118,298)	(49.1)%	(147,502)	(31.7)%	(172,962)	(36.1)%
Store preopening and other expenses	(11,085)	(85.6)%	(21,296)	(17.5)%	(29,793)	(12.4)%	(35,620)	(7.7)%	(22,374)	(4.7)%
<b>Total operating expenses</b>	<b>(138,127)</b>	<b>(1,066.2)%</b>	<b>(464,956)</b>	<b>(382.6)%</b>	<b>(726,414)</b>	<b>(301.7)%</b>	<b>(1,109,204)</b>	<b>(238.4)%</b>	<b>(1,005,601)</b>	<b>(210.1)%</b>
<b>Operating loss</b>	<b>(125,173)</b>	<b>(966.2)%</b>	<b>(343,447)</b>	<b>(282.6)%</b>	<b>(485,615)</b>	<b>(201.7)%</b>	<b>(643,771)</b>	<b>(138.4)%</b>	<b>(527,091)</b>	<b>(110.1)%</b>
Interest income	53	0.4%	144	0.1%	3,519	1.5%	5,199	1.1%	1,551	0.3%
Interest and financing expenses	—	—	(554)	(0.5)%	(7,428)	(3.1)%	(8,139)	(1.7)%	(7,945)	(1.7)%
Foreign exchange (loss)/gain, net	(6,409)	(49.5)%	13,644	11.2%	8,392	3.5%	(2,514)	(0.5)%	(8,640)	(1.8)%
Other expenses	(700)	(5.4)%	(2,784)	(2.3)%	(2,804)	(1.2)%	(1,489)	(0.3)%	(1,337)	(0.3)%
Change in the fair value of warrant liability	—	—	—	—	(991)	(0.4)%	(18,285)	(3.9)%	(8,322)	(1.7)%
<b>Net loss before income taxes</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(332,997)</b>	<b>(274.1)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(668,999)</b>	<b>(143.7)%</b>	<b>(551,784)</b>	<b>(115.3)%</b>
Income tax expense	—	—	—	—	—	—	—	—	—	—
<b>Net loss</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(332,997)</b>	<b>(274.1)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(668,999)</b>	<b>(143.7)%</b>	<b>(551,784)</b>	<b>(115.3)%</b>
Add: accretion to redemption value of convertible redeemable preferred shares	—	—	(793,992)	(653.4)%	—	—	(777,190)	(167.0)%	(18,845)	(3.9)%
Add: deemed distribution to a certain holder of Series B convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,127)	(0.4)%
<b>Net loss attributable to our company's ordinary shareholders and angel shareholders</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(1,126,989)</b>	<b>(927.5)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(1,446,189)</b>	<b>(310.7)%</b>	<b>(572,756)</b>	<b>(119.6)%</b>

## Key Operating Data

The following table presents our key operating data for the periods indicated:

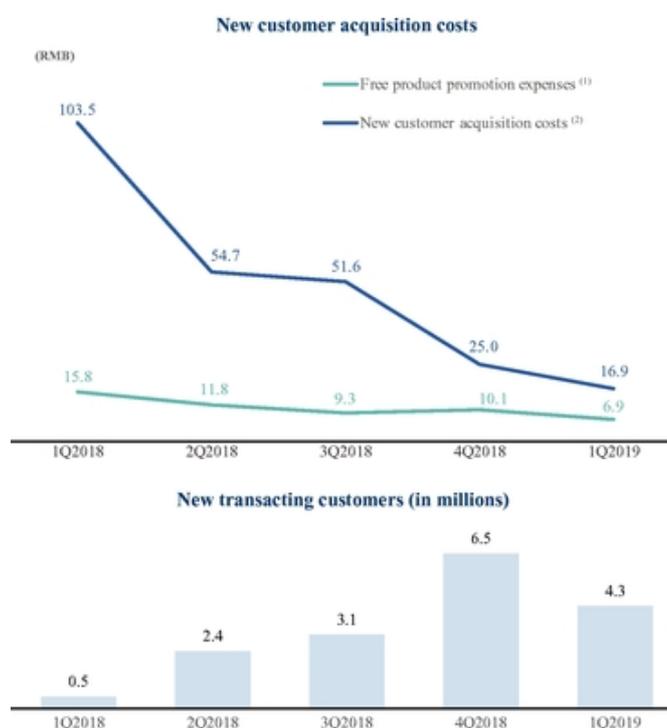
	For the three months ended or as of					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
<b>Total stores</b>	<b>9</b>	<b>290</b>	<b>624</b>	<b>1,189</b>	<b>2,073</b>	<b>2,370</b>
Pick-up stores	4	83	356	903	1,811	2,163
Relax stores	5	15	22	45	86	109
Delivery kitchens	0	192	246	241	176	98
<b>Cumulative number of transacting customers (in thousands)<sup>(1)</sup></b>	<b>11.1</b>	<b>485.0</b>	<b>2,917.8</b>	<b>5,984.3</b>	<b>12,529.5</b>	<b>16,872.3</b>
<b>Average monthly transacting customers (in thousands)<sup>(2)</sup></b>	<b>4.0</b>	<b>179.5</b>	<b>1,207.6</b>	<b>1,877.4</b>	<b>4,325.9</b>	<b>4,402.0</b>
<b>Average monthly total items sold (in thousands)<sup>(3)</sup></b>	<b>8.6</b>	<b>487.5</b>	<b>4,001.0</b>	<b>7,760.3</b>	<b>17,645.1</b>	<b>16,275.8</b>
Freshly brewed drinks	8.0	451.7	3,743.7	6,220.4	13,418.8	13,077.2
Other products	0.5	35.8	257.3	1,539.9	4,226.4	3,198.6

(1) The total number of transacting customers since our inception.

(2) Average monthly transacting customers of the three months during the quarter.

(3) Average monthly total items sold is calculated by dividing the total number of items sold during the quarter by three.

The following chart presents our new customer acquisition costs for the periods indicated:

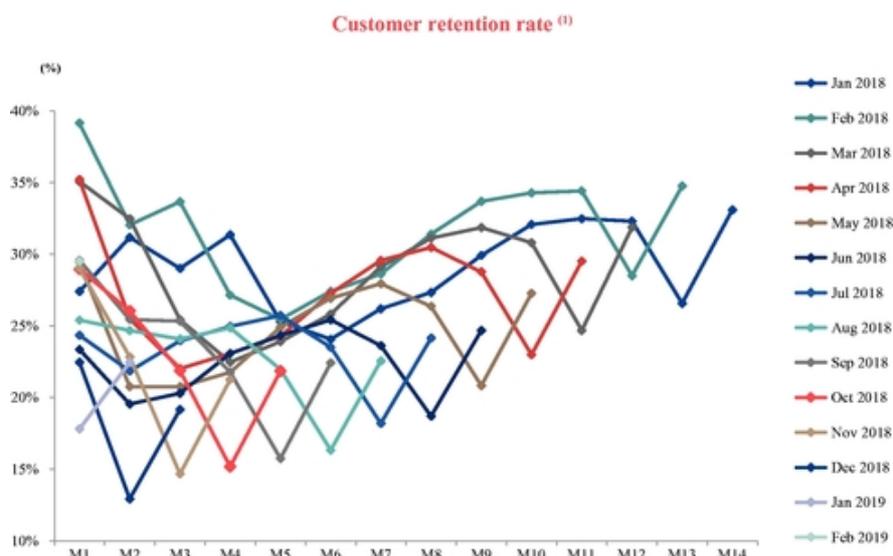


(1) Free product promotion expenses per new transacting customer are calculated as total free product promotion expenses incurred during a specific period divided by the number of new transacting customers during the period.

(2) New customer acquisition costs are calculated as the sum of advertising expenses, free product promotion expenses and other sales and marketing expenses incurred during a specific period divided by the number of new transacting customers during the period.

New customer acquisition costs decreased from RMB103.5 in the first quarter of 2018 to RMB16.9 in the first quarter of 2019 per new transacting customer. The significant decrease in new customer acquisition costs was primarily attributable to our established brand, effective user engagement via our Luckin mobile app, and our expansive network. Specifically, we are able to generate valuable user traffic through our Luckin mobile app, and in 2018, 91.3% of new customers made their first purchase via our Luckin mobile app.

The following chart presents our customer retention rate for the periods indicated:



(1) We refer to new transacting customers during a specific month as a cohort. Customer retention rate of a cohort in a specific month is calculated as the number of transacting customers from the cohort during the month divided by the total number of customers from the cohort.

Customer retention rate demonstrates our customer loyalty. Despite a limited operating history, we have observed a typical customer behavior pattern. As illustrated in the chart above, customer retention rate tends to drop in the second month for most cohorts as many customers are initially attracted to our platform by our free vouchers. Customer retention rate tends to gradually increase in the following months as a result of the expansion of our store network, growing brand awareness, more diversified product offerings and enhanced customer experience. However, as our stores are mainly located in office buildings and our products are mostly consumed in office settings, we generally experience a seasonal decrease in customer retention rate during the Chinese New Year holidays. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Specific Factors Affecting Our Results of Operations—Seasonality."

## RISK FACTORS

*You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below and our consolidated financial statements and related notes, before making an investment in the ADSs. Any of the following risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations and prospects. The market price of the ADSs could decline significantly as a result of any of these risks and uncertainties, and you may lose all or part of your investment.*

### **Risks Relating to Our Business and Industry**

***Our limited operating history may not be indicative of our future growth or financial results and we may not be able to sustain our historical growth rates.***

We commenced our operations in October 2017 and have achieved rapid growth since our inception. As of March 31, 2019, we operated 2,370 stores in 28 cities in China and had over 16.8 million cumulative transacting customers. However, our limited operating history may not be indicative of our future growth or financial results. There is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth rates may decline for any number of possible reasons and some of them are beyond our control, including decreasing customer spending, increasing competition, declining growth of China's coffee industry or China's food and beverage sector in general, emergence of alternative business models, or changes in government policies or general economic conditions. We will continue to expand our store network and product offerings to bring greater convenience to our customers and to increase our customer base and number of transactions. However, the execution of our expansion plan is subject to uncertainty and the total number of items sold and number of transacting customers may not grow at the rate we expect for the reasons stated above. If our growth rates decline, investors' perceptions of our business and prospects may be adversely affected and the market price of the ADSs could decline. In addition, since our business model is innovative in China's coffee industry, it increased the difficulty in evaluating our business and future prospects based on our historical operational or financial result.

***We have incurred significant net losses since our inception and we may continue to experience significant net losses in the future.***

We have incurred significant net losses since our inception in June 2017. For the period from June 16, 2017 (inception date) to December 31, 2017, the year ended December 31, 2018 and the three months ended March 31, 2019, we incurred net loss of RMB56.4 million, RMB1,619.2 million (US\$241.3 million) and RMB551.8 million (US\$82.2 million), respectively, primarily attributed to the expenses in relation to the startup and fast expansion of our business.

We intend to further increase our brand awareness, expand our customer base and store network, and expect to continue to invest heavily in offering discounts and deals and other aspects of our business, especially sales and marketing expenses, in the foreseeable future as we continue to expand our store network and our product offerings. In addition, our net revenues will be impacted by various factors, including the performances of our stores, level of discounts we offer for different products, competitive landscape, customer preference and macroeconomic and regulatory environment. Therefore, our revenues may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our expenses. We may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability.

***We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may be materially and adversely affected.***

Building a well-known brand and accumulating a large and continuously growing customer base is costly and time-consuming. For example, we require a significant amount of capital and resources to continue to expand our store network in a timely manner. Significant and continuous investments in sales and marketing are also required for further establishing brand awareness among the mass population in China to attract new customers and retain existing ones. In addition, we invest heavily in our technology systems, which are essential to our expansion and operations. It may take a long period of time to realize returns on such investments, if at all.

We have historically funded our cash requirements principally with capital contribution from our shareholders. If these resources are insufficient to satisfy our cash requirements, we may seek to raise funds through additional equity offering or debt financing or obtain additional bank facilities. Our ability to obtain additional capital in the future, however, is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital on acceptable terms to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

***If we are unable to successfully manage our rapid growth, our business and prospects may be materially and adversely affected.***

As we continue to grow rapidly, we will continue to encounter challenges in implementing our managerial, operating and financial strategies to keep up with our growth. The major challenges in managing our business growth include, among other things:

- effectively identifying and securing locations for new stores and managing the daily operations of our stores. See "—We may be unsuccessful in operating our stores" for more details;
- controlling incurred costs in a competitive environment;
- effectively managing our supply chain and ensuring our third-party suppliers continue to meet our quality and other standards and satisfy our future operations' needs;
- maintaining and upgrading our technology systems in a cost-effective manner;
- attracting, training and retaining a growing workforce to support our operations;
- implementing a variety of new and upgraded internal systems and procedures as our business continues to grow; and
- ensuring full compliance with relevant laws and regulations.

All efforts to address the challenges of our growth require significant managerial, financial and human resources. We cannot assure you that we will be able to execute managerial, operating and financial strategies to keep up with our growth. If we are not able to manage our growth or execute our strategies effectively, our growth may slow down and our business and prospects may be materially and adversely affected.

***If we fail to acquire new customers or retain existing customers in a cost-effective manner, our business, financial condition and results of operations may be materially and adversely affected.***

Our ability to cost-effectively attract new customers and retain existing customers is crucial to driving net revenues growth and achieving profitability. We have invested significantly in branding, sales and marketing to acquire and retain customers since our inception. For example, we offer various

discount offers and deals in the form of vouchers and coupons. We also expect to continue to invest significantly to acquire new customers and retain existing ones. There can be no assurance that new customers will stay with us, or the net revenues from new customers we acquire will ultimately exceed the cost of acquiring those customers. In addition, if we reduce or discontinue our current discount offers and deals, if our existing customers no longer find our products appealing, or if our competitors offer more attractive products, prices, discounts or better customer services, our existing customers may lose interest in us, decrease their orders or even stop ordering from us. If we are unable to retain our existing customers or to acquire new customers in a cost-effective manner, our revenues may decrease and our results of operations will be adversely affected.

***We may be unsuccessful in operating our stores.***

The operating results of our stores have been and will continue to be subject to a number of factors, including but not limited to:

- our ability to maintain and enhance the quality of our products and services;
- our ability to retain existing customers and attract new customers;
- our ability to continuously increase the number of items sold to each customer and number of items sold in each store;
- our ability to successfully implement our pricing strategies;
- our ability to timely respond to changes in market opportunities and customer preferences;
- our ability to maintain good relationships with third-party suppliers, service providers and strategic partners;
- our ability to hire, train and retain talented employees;
- our ability to manage costs of our operations, such as cost of materials, store rental and other operating costs, and sales and marketing expenses;
- our ability to ensure full compliance with relevant laws and regulations, and maintain adequate and effective control, supervision and risk management over our stores; and
- our ability to monitor and control the overall operation of our stores.

Many factors that are out of our control, including macroeconomic and regulatory environment, could also adversely affect our store operations. In addition, as we continue to expand our store network, opening new stores near our existing stores may adversely affect the sales of our existing stores. Any of these factors listed above or described elsewhere in this Risk Factors section may render us unsuccessful in profitably operating our stores and could adversely impact our business, financial condition and/or results of operations. We may even have to shut down certain stores if their business, financial conditions and operation results are far below our expectation.

***We rely on a limited number of third-party suppliers and service providers to provide products and services to us or to our customers, and the loss of any of these suppliers or service providers would negatively impact our business.***

We have a limited number of suppliers for our raw materials, pre-made food and beverage items, delivery service to our customer and warehouse and fulfillment service. In 2018, we purchased our coffee beans mainly from one supplier, dairy mainly from four suppliers, syrup mainly from three suppliers and pre-made food and beverage items from a few selected national, regional and local sources. We also mainly rely on one delivery service provider to provide delivery service to our customers and cooperate with three warehouse and fulfillment service providers for our inventory storage, and fulfillments between warehouses and from warehouses to our stores.

Due to concentration of suppliers, any interruption of the operations of our suppliers, any failure of our suppliers to accommodate our fast growing business scale, any termination or suspension of our supply arrangements, any change in cooperation terms, or the deterioration of cooperative relationships with these suppliers may materially and adversely affect our results of operations. In addition, our current agreements with our suppliers generally do not prohibit them from working with our competitors. Our competitors may be more effective in providing incentives to our suppliers to prioritize on their orders in case of short supply. We cannot assure you that we would be able to find replacement suppliers on commercially reasonable terms or a timely basis.

***Failure to maintain the quality and safety of our products could have a material and adverse effect on our reputation, financial condition and results of operations.***

The quality and safety of our products are critical to our success. We pay close attention to quality control, monitoring each step in the process from procurement to production and from warehouse to delivery. For more information on our quality control system, see "Business—Procurement" and "Business—Quality Control." Yet, due to the scale of our operations and rapid growth of our store network, maintaining consistent product quality depends significantly on the effectiveness of our quality control system, which in turn depends on a number of factors, including but not limited to the design of our quality control system, employee training to ensure that our employees adhere to and implement our quality control policies and procedures and the effectiveness of monitoring any potential violation of our quality control policies and procedures. There can be no assurance that our quality control system will always prove to be effective.

In addition, the quality of the products or services provided by our suppliers or service providers is subject to factors beyond our control, including the effectiveness and the efficiency of their quality control system, among others. There can be no assurance that our suppliers or service providers may always be able to adopt appropriate quality control systems and meet our stringent quality control requirements in respect of the products or services they provide. Any failure of our suppliers or service providers to provide satisfactory products or services could harm our reputation and adversely impact our operations. See "—Illegal actions or misconduct, or any failure by third-party suppliers or service providers to provide satisfactory products or services could materially and adversely affect our business, reputation, financial condition and results of operations. In addition, we may be unable to receive sufficient compensation from suppliers and service providers for the losses caused by them."

If customers become ill from food or beverage-borne illnesses, tampering, adulteration, contamination, mislabeling or other food or beverage-safety issues, we could be forced to temporarily close some stores and/or be involved in related disputes or legal proceedings. In addition, instances of food or beverage-safety issues, even those not involving us or our suppliers, could, by resulting in negative publicity about us, China's coffee industry or China's food and beverage market in general, adversely affect our reputation, financial condition and results of operations. A decrease in customer confidence in the safety and quality of our products or any food safety issues could materially harm our business and results of operations. See "—Adverse incidents or reports of food-safety issues, whether true or not, may harm our business."

***Any significant disruption in our technology infrastructure or our failure to maintain the satisfactory performance, security and integrity of our technology infrastructure would materially and adversely affect our business, reputation, financial condition and results of operations.***

The proper functioning of our technology infrastructure is essential to our business. We rely on our technology to improve customer engagement and our operational efficiency, among others. See

"Business—Technology." The risks we face in relation to the disruption of our technology infrastructure include:

- we may encounter problems when upgrading our technology infrastructure including our mobile apps, systems and software. The development, upgrades and implementation of our technology infrastructure are complex processes. Issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire customer base. Therefore, our technology infrastructure, including our mobile apps, may not function properly if we fail to detect or solve technical errors in a timely manner; and
- our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking and similar events.

These and other events may lead to the unavailability of our mobile apps, interruption of our supply chain and delivery, leakage or permanent loss of customer data, interruptions or decreases in connection speed, or other events which would affect our operations. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party suppliers or service providers, our reputation or relationships with our customers may be damaged and our customers may switch to our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

***We face intense competition in China's coffee industry and food and beverage sector in general and our products are not proprietary. If we fail to compete effectively, we may lose market share and customers, and our business, financial condition and results of operations may be materially and adversely affected.***

China's coffee industry is intensely competitive. Our products, including our coffee recipes, are not proprietary, and therefore, we are unable to prevent competitors from copying the recipes of our products and sell similar products. We mainly compete with a number of coffee shop operators for customers. Our competitors may have more financial, technical, marketing and other resources than we do and may be more experienced and able to devote greater resources to the development, promotion and support of their business. Some competitors are well-established in China and any defensive measures they take in response to our expansion could hinder our growth and adversely affect our sales and results of operations. In addition, China's coffee industry is subject to the entry of new and well-funded competitors. For more information related to the competitive landscape of China's coffee industry, see "Business—Competition."

Furthermore, as we continue to increase our product offerings, we also expect to compete against other businesses such as convenience stores as well as food and beverages operators with convenient locations. Increased competition may reduce our market share and profitability and require us to increase our sales and marketing efforts and capital commitment in the future, which could negatively affect our results of operations or force us to incur further losses. Although we have accumulated a large and continuously growing customer base, there is no assurance that we will be able to continue to do so in the future against current or future competitors, and such competitive pressures may have a material adverse effect on our business, financial condition and results of operations.

***Our business is currently highly dependent on coffee and we may not be able to quickly identify new market opportunities, respond to the industry trends and adapt to customer preferences.***

The growth of China's coffee industry is affected by customer taste, preferences, perceptions and spending patterns. Since we have generated, and expect to continue to generate a considerable amount of our revenues from the sale of coffee, a shift in customer preferences away from coffee, the changes of spending pattern adversely affecting consumption of coffee, or the decrease or slow-growth of coffee consumption in China would harm our business, more than if our revenues were generated from more diversified products.

We have devoted significant resources to launch and promote new products from time to time to serve broader customer demand, adapt to changes in market trends and shifts in customer taste and preferences, including the introduction of new coffee flavors and non-coffee products. However, we may not be successful in implementing our cross-selling strategy, developing innovative new products, and our new products may not be favored by customers or commercially successful. To the extent that we are not able to effectively gauge the direction of our key markets and successfully identify, develop and promote new or improved products in the changing market, our financial results and our competitive position will suffer.

***Growth of our business will partially depend on the recognition of our brand, and any failure to maintain, protect and enhance our brand would limit our ability to expand or retain our customer base, which would materially and adversely affect our business, financial condition and results of operations.***

We believe that recognition of our brand among customers has helped us manage our customer acquisition costs and contributed to the growth and success of our business. Accordingly, maintaining, protecting and enhancing the recognition of our brand is critical to our business and market position. Many factors, some of which are beyond our control, are important to maintaining, protecting and enhancing our brand. These factors include but not limited to our ability to:

- maintain the quality and attractiveness of the products we offer;
- develop and launch new products that satisfy our customers' needs;
- provide a superior customer experience;
- increase brand awareness through marketing and brand promotion activities;
- maintain good relationship and retain favorable terms with our suppliers, service providers and other business partners;
- stay compliant with relevant laws and regulations;
- compete effectively against existing and future competitors; and
- preserve our reputation and goodwill generally and in the event of any negative publicity on our products, services and data security, or other issues affecting us, China's coffee industry or China's food and beverage sector in general.

A public perception that we, or other industry participants do not provide satisfactory products or services to customers, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract and retain customers, and our business, financial condition and results of operations may be materially and adversely affected.

***We may increasingly become a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business and prospects.***

Publicity about our business creates the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over customer protection and customer safety issues may subject us to additional legal and social responsibilities and increased scrutiny and negative publicity over these issues, due to our large number of transactions and continued business expansion. Any negative report regarding our business, financial condition and results of operations could damage our brand image and severely affect the sales of our products and possibly lead to product liability claims, litigations or damages. In addition, improper behaviors or statements of our spokespersons, endorsers and other celebrities we have cooperated with and our employees may result in substantial harm to our brand, reputation and operations. There is no assurance that we would

not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as our business and prospects.

***We have incurred significant costs on a variety of sales and marketing efforts, including mass advertising and heavy promotions to attract customers, and some sales and marketing campaigns and methods may not be sustainable or may turn out to be ineffective.***

We have invested significantly in sales and marketing activities to promote our brand and our products and to deepen our relationships with customers. We incurred RMB25.5 million, RMB746.0 million (US\$111.2 million) and RMB168.1 million (US\$25.0 million) in sales and marketing expenses for the period from June 16, 2017 (inception date) to December 31, 2017, the year ended December 31, 2018 and the three months ended March 31, 2019, respectively. We also regularly offer coupons and vouchers to increase our customer base, retain our existing customers or promote new products, and such promotion activities might not be sustainable.

Our sales and marketing activities may not be well received by our existing customers, and may not attract new customers as anticipated. The evolving marketing landscape may require us to experiment with new marketing methods to keep pace with industry trends and customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share and negatively impact our results of operations. There is no assurance that we will be able to recover the costs of our sales and marketing activities or that these activities will be effective in attracting new customers and retaining existing customers.

***We may be unsuccessful in expanding our store network.***

We may not be able to expand our store network as we planned. The number and timing of the stores actually opened during any given period are subject to a number of risks and uncertainties, including but not limited to our ability to:

- identify suitable locations and secure leases on commercially reasonable terms;
- obtain adequate funding for development and opening costs;
- obtain the required licenses, permits and approvals;
- efficiently manage our time and cost in relation to the design, decoration and pre-opening processes for each of our stores; and
- hire, train and retain skilled employees.

Any factors listed above, either individually or in aggregate, might delay or fail our plan to increase the number of stores in desirable locations at manageable cost levels. In addition, we may not be able to successfully operate our existing stores and may choose to shut down certain stores from time to time.

***Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.***

In accordance with the relevant laws and regulations in jurisdictions in which we operate, we are required to maintain various approvals, licenses and permits to operate our business, including but not limited to business license, food operation license, environmental impact assessment filing and fire safety inspection. These approvals, licenses and permits are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations.

As of the date of this prospectus, a small portion of our stores have not obtained business licenses. We are in the process of obtaining business licenses for these stores; however, we may be ordered by the government authorities to rectify such non-compliance and may be subject to fines of up to RMB100,000 for each store that failed to obtain business licenses.

As of the date of this prospectus, a small portion of our stores have not obtained food operation licenses. We are in the process of obtaining food operation licenses for these stores; however, the relevant government authorities may confiscate the income of these stores since commencing operation as well as the food and beverage products sold at these stores and the raw materials and equipment used in store operation, and may impose fines based on the value of the food and beverage products sold at each store (if the value of the food and beverage products is less than RMB10,000, a fine up to RMB100,000 may be imposed, if the value of the food and beverage products is more than RMB10,000, a fine up to 20 times of such value may be imposed).

As of the date of this prospectus, a small portion of our stores that are required to complete environmental impact assessment filings with the administrative department of environmental protection have not completed such filings. We are in the process of completing such filing for these stores, however, if we fail to complete such filing in a timely manner, we may be subject to a fine of up to RMB50,000 per store.

Based on consultation with local fire prevention authorities by our PRC legal counsel, the requirements of conducting fire safety inspection for coffee stores before their commencement of operations varies among cities. In Tianjin and Wuhan, only coffee stores with construction area of more than 500 square meters are required to conduct fire safety inspection before use, therefore, our stores in these cities are not required to conduct the fire safety inspection; In Beijing, Guangzhou, Fuzhou, Chengdu, Xiamen, Ningbo, Jinan, Changsha and Zhengzhou, coffee stores with construction area of more than 300 square meters are required to conduct the fire safety inspection before use, and some of our stores in these cities that are required to complete such inspection have not completed such inspection; In Hangzhou, coffee stores with construction area of more than 200 square meters are required to conduct fire safety inspection before use, and some of our stores in these cities that are required to complete such inspection have not completed such inspection; in Shenzhen and Dongguan, coffee stores with construction area of more than 50 square meters are required to conduct fire safety inspection before use, and some of our stores in these cities that are required to complete such inspection have not completed such inspection; in other cities where we operate, such as Shanghai, Wuxi, Chongqing, Qingdao, Xi'an, Suzhou, Dalian and Nanjing, coffee stores are required to conduct fire safety inspection before use regardless of size, and some of our stores in these cities have not completed such inspection. As of the date of this prospectus, approximately one-third of our stores that are required to complete fire safety inspection by local fire prevention authorities have not completed the fire safety inspection. Our stores that fail to complete fire safety inspections may be ordered by the relevant government authorities to close down and may be subject to a fine of up to RMB300,000 per store.

In addition, a small number of our stores with construction area of more than 500 or 300 square meters have not completed the as-built acceptance check on fire prevention or fire safety filing. Our stores that fail to complete such as-built acceptance check on fire prevention may be ordered by the relevant government authorities to close down and may be subject to a fine of up to RMB300,000 per store, and our stores that fail to complete such fire safety filing may be subject to a fine of up to RMB5,000 per store.

As of the date of this prospectus, we are in the process of completing the single-purpose commercial prepaid card filing for the "Coffee Wallet" function of our mobile apps. We may be imposed a fine of up to RMB30,000 for failure to timely completing such filing.

If we fail to obtain the necessary licenses, permits and approvals, we may be subject to fines, confiscation of the gains derived from the related stores or the suspension of operations of the related stores. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impact our brand. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for new stores. If we fail to obtain the material licenses, our store opening and expansion plan may be delayed. In addition, there can be no assurance that we will

be able to obtain, renew and/or convert all of the approvals, licenses and permits required for our existing business operations upon their expiration in a timely manner or at all, which could adversely affect our business operations.

***We have recorded negative cash flows from operating activities historically and may have a current liabilities position in the future.***

We have experienced significant cash outflow from operating activities since our inception. We had net cash used in operating activities of RMB95.0 million, RMB1,310.7 million (US\$195.3 million) and RMB627.6 million (US\$93.5 million) for the period from June 16, 2017 (inception date) to December 31, 2017, the year ended December 31, 2018 and the three months ended March 31, 2019, respectively. The cost of continuing operations could further reduce our cash position, and an increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and to fund our investments in our business expansion.

We had net current liabilities of RMB129.2 million as of December 31, 2017. Although we had net current assets of RMB934.2 million (US\$139.2 million) as of March 31, 2019, we cannot guarantee that we will not have a net current liabilities position in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain adequate external financing. There can be no assurance that we will be able to renew existing bank facilities or obtain other sources of financing.

***Failure to comply with the terms of our indebtedness could result in acceleration of indebtedness, which could have an adverse effect on our cash flow and liquidity.***

We may from time to time enter into credit facilities and debt financing arrangements containing financial and other covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, including by failing to maintain certain financial ratios, our lenders may be entitled to accelerate our debt obligations. Any default under our credit facility could require that we repay these loans prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity.

***From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which may turn out to be not successful and adversely affect our operation and financial results.***

To complement our business and strengthen our market-leading position, we may form strategic alliances or make strategic investments and acquisitions from time to time. For example, we incorporated a joint venture in May 2018 with one of our roasted coffee bean suppliers and intend to incorporate a joint venture with an affiliate of our concurrent private placement investor for solidifying our control over the processes of sourcing and roasting coffee beans. See "Business—Procurement—Coffee Beans." We may experience difficulties in integrating our operations with the newly invested or acquired businesses, implementing our strategies or achieving expected levels of net revenues, profitability, productivity or other benefits. Therefore, we cannot assure you that our investments or acquisitions will benefit our business strategy, generate sufficient net revenues to offset the associated investment or acquisition costs, or otherwise result in the intended benefits.

***We have undertaken strategic partnerships which may not be successful. If our collaboration with any of our strategic partners is terminated or curtailed, or if we are no longer able to benefit from the business collaborations with our strategic partners, our business may be adversely affected.***

Our business has benefited from our collaborations with our strategic partners, including Weixin, in the areas such as mobile ordering and payment and joint marketing. We cannot assure you that such

alliances or partnerships will contribute to our business, and we might not be able to maintain our cooperative relationships with our strategic partners and their respective affiliates in the future. If the services provided by these strategic partners become limited, compromised, restricted, curtailed or less effective or become more expensive or unavailable to us for any reason, our business may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with any of these strategic partners, it may be very difficult for us to identify other alternative partners, which may divert significant management attention from existing business operations and adversely impact our daily operation and customer experience.

***A significant interruption in the operations of our third-party suppliers and service providers could potentially disrupt our operations.***

We have limited control over the operations of our third-party suppliers, service providers and other business partners and any significant interruption in their operations may have an adverse impact on our operations. For example, a significant interruption in the operations of our roasted coffee bean suppliers' roasting facilities could cause a shortage of coffee at our stores, a significant interruption impacting our leased warehouses, whether as a result of a natural disaster, labor difficulties, fire or other causes, could cause the shortage of our inventory, and a significant interruption in the operations of our internet service provider could impact the operation of our mobile apps. If we could not solve the impact of the interruptions of operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

***Illegal actions or misconduct, or any failure by third-party suppliers or service providers to provide satisfactory products or services could materially and adversely affect our business, reputation, financial condition and results of operations. In addition, we may be unable to receive sufficient compensation from suppliers and service providers for the losses caused by them.***

Our reputation and operation may be harmed by illegal or unsatisfactory actions taken by suppliers and service providers that are outside of our control. For example, the failure of our raw material suppliers to ensure product quality or to comply with food safety or other laws and regulations could interrupt our operations and result in claims against us, and any delay in delivery of our products, damage to our products during the course of delivery and inappropriate actions taken by delivery riders of our delivery service providers might cause customer complaints.

In the event that we become subject to claims caused by actions taken by our suppliers or service providers, we may attempt to seek compensation from the relevant suppliers or service providers. However, such compensation may be limited. If no claim can be asserted against a supplier or service provider, or amounts that we claim cannot be fully recovered from the supplier or service provider, we may be required to bear such losses and compensation at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

***We face the risk of fluctuations in the cost, availability and quality of our raw materials and pre-made products, which could adversely affect our results of operations.***

The cost, availability and quality of our principal raw material, Arabica coffee beans, coffee condiments, such as dairy products and syrup, as well as pre-made food and beverage items, are important to our operations. We typically enter into purchase agreements with suppliers of raw materials and pre-made food and beverage items with a term of one year and fixed prices. However, such contract prices may be renegotiated when there is significant fluctuation in the market price of these products. If the cost of raw materials and pre-made products increases after expiration of existing agreements, due to large market price fluctuation or due to any other reason, our business and results of operations could be adversely affected. In addition, as coffee beans and most of our coffee condiments and pre-made products have relatively short shelf life, frequent and timely supply of these products are essential to our operations. Lack of availability of these products, whether due to shortages in supply, delays or interruptions in processing, failure of timely delivery or otherwise, could interrupt our operations and adversely affect our financial results.

***Uncertainties relating to the growth of China's coffee industry could adversely affect our revenues and business prospects.***

Our business is affected by the development of China's coffee industry. The demand for our coffee items and our future results of operations will depend on numerous factors affecting the development of the China's coffee industry, such as governmental regulations and policies over this industry, investments in this industry and drinking culture and hobby of Chinese consumers, and some of them are completely beyond our control.

A decline in the popularity of coffee in general, especially freshly brewed coffee, or any failure by us to adapt our strategies in response to trends in China's coffee industry, may adversely affect our results of operations and business prospects.

***Adverse public or medical opinion about the health effects of our products may harm our business.***

Some of our products contain caffeine, dairy products, sugar and other active compounds, the health effects of which are not fully understood. The excessive consumption of these compounds may result in adverse health effects and have caused increasing public awareness. For example, a number of research studies conclude or suggest that excessive consumption of caffeine may lead to increased heart rate, nausea and vomiting, restlessness and anxiety, depression, headaches, tremors, sleeplessness and other adverse health effects. Unfavorable reports on the health effects of caffeine or other compounds of our products could significantly reduce the sales of our products. Also, we could become subject to litigation relating to the existence of such compounds in our products; any such litigation could be costly and could divert management attention.

***Adverse incidents or reports of food-safety issues, whether true or not, may harm our business.***

Instances or reports of food-safety issues, such as food or beverage-borne illnesses, tampering, adulteration, contamination or mislabeling, either during growing, manufacturing, packaging, storing or preparation, whether true or not, have in the past severely injured the reputations of companies in China's food and beverage market and could affect us as well. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of our brand and may cause customers to choose other products. Such issues could negatively affect our reputation, results of operations and financial performance.

***Our success depends on the continuing efforts of our key management and experienced and capable personnel as well as our ability to recruit new talents. If we fail to hire, train, retain or motivate our staff, our business may suffer.***

Our future success is significantly dependent upon the continued service of our key management as well as experienced and capable personnel generally. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our key management joins a competitor or forms a competing business, we may lose customers, know-how and key professionals and staff members.

Our rapid growth also requires us to hire, train, and retain a wide range of talents who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us conduct effective marketing, innovate new products, and develop technological capabilities. We will need to continue to attract, train and retain talents at all levels, such as skillful baristas, as we expand our business and operations. We may need to offer attractive compensation and other benefits package, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient training to help them to realize their career development and grow with us. Any failure

to attract, train, retain or motivate key management and experienced and capable personnel could severely disrupt our business and growth.

***Overall tightening of the labor market, increases in labor costs or any possible labor unrest may adversely affect our business and results of operations.***

Our business requires a substantial number of personnel. Any failure to retain stable and dedicated labor by us may lead to disruption to our business operations. Although we have not experienced any labor shortage to date, we have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salary, social benefits and employee headcount. We compete with other companies in our industry and other labor-intensive industries for labor, and we may not be able to offer competitive remuneration and benefits compared to them. If we are unable to manage and control our labor costs, our business, financial condition and results of operations may be materially and adversely affected.

***Our business generates and processes a large amount of data, which subjects us to governmental regulations and other legal obligations related to privacy, information security and data protection. Any improper use or disclosure of such data by us, our employees or our business partners could subject us to significant reputational, financial, legal and operational consequences.***

Our business generates and processes a large quantity of personal, transaction, and behavior data. We face risks inherent in handling large volumes of data and in protecting the security of such data. In particular, we face a number of challenges relating to data from transactions and other activities on our system, including:

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

Any systems failure or security breach or lapse that results in the release of customer data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. In addition, our business partners and their employees may improperly use or disclose the data we disclose to them for our operation and we have limited control over the actions of our business partners and their employees. Any failure, or perceived failure, by us, our employees, our business partners, or their employees to comply with privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

Recently, companies' practices regarding collection, use, retention, transfer, disclosure and security of user data have been the subject of enhanced regulations and increased public scrutiny. The regulatory frameworks regarding privacy issues in many jurisdictions are constantly evolving and can be subject to significant changes from time to time. For instance, a growing number of legislative and regulatory bodies have adopted customer notification requirements in the event of unauthorized access to or acquisition of certain types of data. In China, the PRC Cybersecurity Law, which became effective in June 2017, leaves substantial uncertainty as to the circumstances and standards under which the law would apply and violations would be found. See "Regulation—Regulation on Information Security"

and "Regulation—Regulation on Internet Privacy." Complying with these obligations could cause us to incur substantial costs. Any failure to comply with applicable regulations, whether by us, business partners, or other third parties, or as a result of employee error or negligence or otherwise, could result in regulatory enforcement actions against us and have an adverse impact on our business operations.

***If we fail to adopt new technologies to evolving customer needs or emerging industry standards, our business may be materially and adversely affected.***

To remain competitive, we must continue to stay abreast of the constantly evolving industry trends and to enhance and improve our technology accordingly. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business. There can be no assurance that we will be able to use new technologies effectively or adapt our mobile apps to meet customer requirements. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or customer preferences, whether for technical, legal, financial or other reasons, our business may be materially and adversely affected.

***Security breaches and attacks against our technology systems, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.***

Although we have employed significant resources to develop our security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial of service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against, these attacks.

We have in the past and are likely again in the future to be subject to these types of attacks, although to date no such attack has resulted in any material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees and engage third-party experts and consultants.

***The payment methods that we accept subject us to third-party payment-related risks and other risks.***

We accept a variety of payment methods including Weixin Pay, Alipay and Union Pay through third-party payment processors. We pay these payment processors varying service fees, which may increase over time and raise our operating costs. We may also be subject to fraud, security breaches and other illegal activities in connection with the various payment methods we offer.

In addition, we are subject to various rules, regulations and requirements, regulatory or otherwise, governing payment processing, which could change or be reinterpreted to make it difficult or impossible for us to comply. For example, according to Announcement No.10 (2018) of the People's

Bank of China issued in July 2018, or Announcement No.10, companies that refuse to accept cash payment should rectify such non-compliance. According to People's Bank of China's interpretation of Announcement No.10, e-commerce platforms, self-service counters and other companies (i) that offer products and services online and in a cashier-less manner, (ii) whose entire customer purchase process does not involve payment or receipt of cash, and (iii) who have obtained consent from customers to use electronic payment methods, may use electronic payment methods instead of accepting cash. We believe that our cashier-less operation is in compliance with Announcement No. 10, and our PRC legal counsel has advised us the likelihood that we would be subject to penalties under Announcement No.10 is remote. However, we cannot assure you that the relevant governmental authorities will have the same interpretation. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees or no longer be able to offer certain payment methods, and our business, financial condition and results of operations could be materially and adversely affected.

***We use software licensed from third parties. Our ability to provide customers with a high-quality online experience also depends on the satisfactory performance, reliability and availability of software licensed from third parties.***

We use software licensed from third parties. Any system interruptions caused by telecommunications failures, computer viruses, or hacking or other attempts to harm the software licensed from third parties that result in the unavailability of our mobile apps or reduced performance would affect the attractiveness of the services offered on our platform. We may encounter problems when software licensed from third parties is upgraded and undetected programming errors could adversely affect the performance of the software we use to provide our services. In addition, we could be required to seek licenses from third parties in order to continue using the open source software we are permitted to use currently, in which case licenses may not be available on terms that are acceptable to us, or at all. Alternatively, we may need to re-engineer our platform or discontinue the use of portions of the functionality provided by our platforms. Our inability to use third-party software could result in disruptions to our business, or delays in the development of future offerings or enhancements of our existing platforms, which could materially and adversely affect our business and results of operations.

***Unexpected termination of leases, failure to renew the lease of our existing premises or to renew such leases at acceptable terms could materially and adversely affect our business.***

We lease the premises for all of our stores. Generally, lessors may terminate our lease agreements unilaterally upon advance notice. In addition, the PRC government has the statutory power to acquire any land in the PRC. As a result, we may be subject to compulsory acquisition, closure or demolition of any of the properties on which our stores are situated. Although we may receive liquidated damages or compensation if our leases are terminated unexpectedly, we may be forced to suspend operations of the relevant store and divert management attention, time and costs to find a new site and relocate our store, which will negatively affect our business and results of operations.

We generally enter into long-term leases of approximately three to five years with an option to renew for our stores. Rent for our leases is typically fixed amounts and subject to annual or biennially incremental increases as stipulated in the lease agreements. We cannot assure you that we would be able to renew the relevant lease agreements without substantial additional cost or increase in the rental cost payable by us. If a lease agreement is renewed at a rent substantially higher than the current rate, or currently existing favorable terms granted by the lessor are not extended, our business and results of operations may be materially and adversely affected. If we are unable to renew the leases for our store sites, we will have to close or relocate the store, which could subject us to decoration and other costs and risks, and loss of existing customers, and could have a material and adverse effect on our business and results of operations. In addition, the relocated store may not perform as well as the existing store.

***Most of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.***

Under PRC law, all lease agreements are required to be registered with the local land and real estate administration bureau. Although failure to do so does not in itself invalidate the leases, the lessees may not be able to defend these leases against bona fide third parties and may also be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the date of this prospectus, the lease agreements for most of our leased properties in China, including leased properties for our stores, have not been registered with the relevant PRC government authorities. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

***Our rights to use our leased properties could be challenged by property owners or other third parties, which may disrupt our operations and incur relocation costs.***

As of the date of this prospectus, the lessors of certain of our leased properties in China failed to provide us with valid property ownership certificates or authorizations from the property owners for the lessors to sublease the properties. There is a risk that such lessors may not have the relevant property ownership certificates or the right to lease or sublease such properties to us, in which case the relevant lease agreements may be deemed invalid and we may be forced to vacate these properties, which could interrupt our business operations and incur relocation costs. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor.

***We may experience significant liability claims or complaints from customers, or adverse publicity involving our products, our services or our stores.***

We face an inherent risk of liability claims or complaints from our customers. Most of the customer complaints we received were related to the taste and temperature of our food and beverage offerings, long waiting time, and the service quality of our staff. We take these complaints seriously and endeavor to reduce such complaints by implementing various remedial measures. Nevertheless, we cannot assure you that we can successfully prevent or address all customer complaints.

Any complaints or claims against us, even if meritless and unsuccessful, may divert management attention and other resources from our business and adversely affect our business and operations. Customers may lose confidence in us and our brand, which may adversely affect our business and results of operations. Furthermore, negative publicity including but not limited to negative online reviews on social media and crowd-sourced review platforms, industry findings or media reports related to food quality, safety, public health concerns, illness, injury or government, whether or not accurate, and whether or not concerning our products, can adversely affect our business, results of operations and reputation.

***We, our directors, management and employees may be subject to litigation and regulatory investigations and proceedings, such as claiming in relation to food safety, commercial, labor, employment, antitrust or securities matters, and may not always be successful in defending ourselves against such claims or proceedings.***

We face potential liability, expenses for legal claims and harm due to our business nature. For example, customers could assert legal claims against us in connection with personal injuries related to food poisoning or tampering. The PRC government, media outlets and public advocacy groups have been increasingly focused on customer protection in recent years. See "Regulation—Regulations

Relating to Customer Rights Protection." Selling of defective products may expose us to liabilities associated with customer protection laws. Sellers are responsible for compensation on customer's loss even if the contamination of food is not caused by the sellers. Thus, we may also be held liable if our suppliers or other business partners fail to comply with applicable food-safety related rules and regulations. Though we can ask the responsible parties for indemnity after that, our reputation could still be adversely affected. In addition, our directors, management and employees may from time to time be subject to litigation and regulatory investigations and proceedings or otherwise face potential liability and expense in relation to commercial, labor, employment, antitrust, securities or other matters, which could adversely affect our reputation and results of operations.

After we become a publicly listed company, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

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

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. We have not but in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. There could also be existing intellectual property of which we are not aware that our products may inadvertently infringe. We cannot assure you that holders of intellectual property purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such intellectual property against us in China, the United States or any other jurisdictions. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

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

We regard our trademarks, software copyrights, copyright of works, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success. There have been instances where third parties registered social media accounts under names similar to our trademarks in order to gain illegal benefits, against which we have initiated legal proceedings, and we may continue to become an attractive target to such attacks in the future with the increasing recognition of our brand. Any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that (i) our pending applications for intellectual property rights will be approved, (ii) all of our intellectual property rights will be adequately protected, or (iii) our intellectual property rights will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

***We are subject to regulations, and future regulations may impose additional requirements and obligations on our business or otherwise materially and adversely affect our business, reputation, financial condition and results of operations.***

The industries in which we operate are highly regulated. As China's coffee industry as well as China's food and beverage market in general is evolving rapidly and the PRC government is very concerned about customer protection, new laws and regulations may be adapted to address new issues that arise from time to time and to impose additional restrictions on our current business.

As we continue to grow in scale and significance, we expect to face increased scrutiny, which will, at a minimum, result in our having to increase our investment in compliance and related capabilities and systems. The increasing sophistication and development of our customer base will also increase the need for higher standards of customer protection, privacy protection and dispute management. Any increased involvement in inquiries or investigations could result in significantly higher legal and other costs and diversion of management and other resources, as well as negative publicity, which could materially and adversely affect our business, reputation, financial condition and results of operations.

***Our operations depend on the performance of the mobile based systems, telecommunications networks and digital infrastructure in China.***

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

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

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

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources with which we address our internal control over financial reporting. In connection with the audit of our consolidated financial statements as of and for the year ended December 31, 2018, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are our company's lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and the Securities and Exchange Commission, or the SEC, rules, and lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and the SEC reporting requirements. We are in the process of implementing a number of measures to address the material weaknesses and deficiencies that have been identified. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting." However, we cannot assure you that these measures may fully address the material weaknesses and deficiencies in our internal control over financial reporting or that we may conclude that they have been fully remediated.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report in our second annual report on Form 20-F after becoming a public company. In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse opinion on the effectiveness of internal control over financial reporting because of the existence of a material weakness if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.***

Our inventories are mostly coffee beans, coffee condiments and pre-made food and beverage items with short shelf life, which require us to manage our inventory effectively. We depend on our demand forecasts for various kinds of raw materials and pre-made products to make purchase decisions and to manage our inventory. Such demand, however, can change significantly between the time inventory is ordered and the date by which we hope to sell it. Demand may be affected by seasonality, new product launches, pricing and discounts, product defects, changes in customer spending patterns, changes in customer tastes and other factors, and our customers may not order products in the quantities that we

expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast demand. The acquisition of certain types of inventory may require significant lead time and prepayment and they may not be returnable.

Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of products and raw materials in our inventory, which will make it more challenging for us to manage our inventory and logistics effectively. We cannot guarantee that our inventory levels will be able to meet the demands of customers, which may adversely affect our sales. We also cannot guarantee that all of our inventories can be consumed within its shelf life. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory value, and significant inventory write-downs or write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality raw materials and pre-made products in a timely manner, we may experience inventory shortages, which might result in diminished brand loyalty and lost revenues, any of which could harm our business and reputation.

***We have granted options in the past and will continue to grant share-based awards in the future, which may have an adverse effect on our future profit. Exercise of the share options granted will increase the number of our shares in circulation, which may adversely affect the market price of our shares.***

We adopted a share incentive plan in January 2019, which we refer to as the 2019 Share Option Plan, in this prospectus, to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards under the 2019 Share Option Plan is 158,031 ordinary shares. As of the date of this prospectus, 158,031 ordinary shares have been granted and outstanding under the 2019 Share Option Plan. See "Management—Share Incentive Plan."

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

***The growth and profitability of our business depend on the level of customer demand and discretionary spending in China. A severe or prolonged downturn in China's economy could materially and adversely affect our business, financial condition and results of operations.***

China's coffee industry as well as China's food and beverage market in general is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels, customer demand and discretionary spending. All of our stores are located in China and accordingly, our results of operations are affected by the macro-economic conditions in China. Any deterioration of the PRC economy, decrease in disposable customer income and fear of a recession may lead to a reduction of customer demand and average spending per customer at our stores, which could materially and adversely affect our business, financial condition and results of operations. Moreover, the occurrence of a financial crisis, sovereign debt crisis, banking crisis or other disruptions in the global financial markets may have a material and adverse impact on our operating results.

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

We are vulnerable to natural disasters, health epidemics, and other calamities. Any of such occurrences could cause severe disruption to the daily operations of us, and may even require a temporary closure of facilities and logistics delivery networks, which may disrupt our business operations and adversely affect our results of operations. In addition, our results of operations could be adversely affected to the extent that any of these catastrophic events harm the Chinese economy in general.

***We have no business liability or disruption insurance, which could expose us to significant costs and business disruption.***

The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. We have no business liability or disruption insurance to cover our operations. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our results of operations and financial condition.

***Our business is subject to seasonal fluctuations and unexpected interruptions.***

We experience seasonality in our business. We generally experience fewer purchase orders during holiday seasons, such as the Chinese New Year holidays. Our financial condition and results of operations for future quarters may continue to fluctuate and our historical quarterly results may not be comparable to future quarters. As a result, the trading price of the ADSs may fluctuate from time to time due to seasonality.

#### **Risks Relating to Our Corporate Structure**

***We rely on contractual arrangements with our VIE to use, or otherwise benefit from, the foreign restricted licenses and permits, such as the ICP license. Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.***

We rely on contractual arrangements with our VIE to use, or otherwise benefit from, certain foreign restricted licenses and permits that we may need in the future as our business continues to expand, such as the internet content provider license, or the ICP license held by our VIE. The contractual arrangements contain terms that specifically obligate the VIE's shareholders to ensure the valid existence of the VIE and restrict the disposal of material assets of the VIE. However, These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIE. For example, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. In the event the VIE's shareholders breach the terms of these contractual arrangements and voluntarily liquidate our VIE, or our VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by the VIE, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if our VIE undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of the assets of the VIE, thereby hindering our ability to operate our business as well as constrain our growth.

***Our business may be deemed as a foreign investment under the scheme of the Draft Foreign Investment Law (2015).***

On January 19, 2015, the PRC Ministry of Commerce, or MOFCOM, published the Draft Foreign Investment Law (2015). At the same time, MOFCOM published an accompanying explanatory note of the draft Foreign Investment Law (2015), which contains important information about the draft Foreign Investment Law (2015), including its drafting philosophy and principles, main table of contents, plans to transition to the new legal regime and treatment of business in China controlled by foreign-invested enterprises. The Draft Foreign Investment Law (2015) proposes significant changes to the PRC foreign investment legal regime and, when implemented, may have a significant impact on business in China controlled by foreign-invested enterprises primarily through contractual arrangements, such as our business. Please refer to "Regulation—Regulations on Foreign Investment" for further details. MOFCOM suggests both registration and approval as potential options for the regulation of variable interest entity structures, depending on whether they are "Chinese" or "foreign controlled." One of the core concepts of the draft Foreign Investment Law (2015) is "*de facto* control," which emphasizes substance over form in determining whether an entity is "Chinese" or "foreign-controlled." "Chinese investors" are individuals who are Chinese nationals, Chinese government agencies and any domestic enterprise controlled by Chinese nationals or government agencies. "Foreign investors" are foreign citizens, foreign governments, international organizations and entities controlled by foreign citizens and entities.

It is unclear whether our current corporate structure will be considered "Chinese" under the scheme of the Draft Foreign Investment Law (2015). In the event that our contractual arrangements with our VIE and shareholders of our VIE are not treated as a domestic investment and/or the foreign restricted licenses and permits held by the VIE are classified as a "prohibited business" in the Prohibited List or a "restricted business" in the Restricted List under the Draft Foreign Investment Law (2015) when officially enacted, such contractual arrangements may be deemed as invalid and illegal and we may be required to unwind the contractual arrangements and/or dispose of such business.

In December 2018, the Standing Committee of the National People's Congress of PRC published the Draft Foreign Investment Law (2018) for public comments. On March 15, 2019, the Foreign Investment Law was formally issued, which will become effective on January 1, 2020. The Foreign Investment Law mainly focuses on foreign investment promotion, foreign investment protection and foreign investment management. Comparing with the draft Foreign Investment Law (2015), the Foreign Investment Law does not mention concepts including "*De facto* control" and "controlling PRC companies by contracts or trusts", nor did it specify the regulation on controlling through contractual arrangements.

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

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the VIE contractual arrangements were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIE for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIE for the adjusted but unpaid taxes according to the

applicable regulations. Our financial position could be materially and adversely affected if our VIE's tax liabilities increase or if it is required to pay late payment fees and other penalties.

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

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standings to initiate a shareholder derivative action in a federal court of the United States.

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

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see "Description of Share Capital—Differences in Corporate Law."

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

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

## **Risks Relating to Doing Business in China**

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

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

While the Chinese economy has experienced significant growth over past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our products and adversely affect our competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

### ***Uncertainties with respect to the PRC legal system could adversely affect us.***

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions 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 affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the prospectus based on foreign laws.***

We are a company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China, and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and most are PRC nationals. As a result, it may be difficult for our shareholders to effect service of process upon us or those persons inside China. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

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

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur.

Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries and our VIE are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of our PRC subsidiaries as a Foreign Invested Enterprise, or FIE, is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at its discretion. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are incorporated.

***We may be subject to liability for placing advertisements with content that is deemed inappropriate or misleading under PRC laws.***

PRC laws and regulations prohibit advertising companies from producing, distributing or publishing any advertisement with content that violates PRC laws and regulations, impairs the national dignity of

the PRC, involves designs of the PRC national flag, national emblem or national anthem or the music of the national anthem, is considered reactionary, obscene, superstitious or absurd, is fraudulent, or disparages similar products. We may be subject to claims by customers misled by information on our mobile apps, website or other portals where we put our advertisements on. We may not be able to recover our losses from advertisers by enforcing the indemnification provisions in the contracts, which may result us in diverting management's time and other resources from our business and operations to defend against these infringement claims. As a result, our business, financial condition and results of operations could be materially and adversely affected.

***Our employment practices may be adversely impacted under the labor contract law of the PRC.***

The PRC National People's Congress promulgated the Labor Contract Law which became effective on January 1, 2008 and was amended on December 28, 2012, and the State Council promulgated implementing rules for the labor contract law on September 18, 2008. The labor contract law and the implementing rules impose requirements concerning, among others, the execution of written contracts between employers and employees, the time limits for probationary periods, and the length of employment contracts. The interpretation and implementation of these regulations are still evolving, our employment practices may violate the labor contract law and related regulations and we could be subject to penalties, fines or legal fees as a result. If we are subject to severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

***We may be subject to additional contributions of social insurance and housing fund and late payments and fines imposed by relevant governmental authorities.***

In accordance with the PRC Social Insurance Law and the Regulations on the Administration of Housing Fund and other relevant laws and regulations, China establishes a social insurance system and other employee benefits including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing fund, and a handicapped employment security fund, or collectively the Employee Benefits. An employer shall pay the Employee Benefits for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance and other Employee Benefits that should be assumed by the employees. For example, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of 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 of the amount overdue.

Under the Social Insurance Law and the Regulations on the Administration of Housing Fund, PRC subsidiaries shall register with local social insurance agencies and register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Both PRC subsidiaries and their employees are required to contribute to the Employee Benefits.

As of the date of this prospectus, some of our PRC subsidiaries are in the process of completing the social insurance registration and the housing fund registration, and we have not made adequate contributions to Employee Benefits for some of our employees. We have recorded accruals for the estimated underpaid amounts of Employee Benefits in our financial statements. As of the date of this prospectus, we have not received any notice from the relevant government authorities or any claim or request from these employees in this regard. However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we fail to make the outstanding Employee Benefit contributions within the prescribed time frame, we may be subject to a fine of up to three times the amount of the overdue payment. If we are

otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

***Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.***

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and its implementing rules that became effective in September 2008 and was amended in July 2013, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' 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 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. In addition, we engage a small number of dispatched workers from third-party employment agencies as baristas and other storefront staff. Pursuant to the Labor Contract Law and its amendments, dispatched workers may only be engaged for temporary, ancillary or substitute positions. We believe our current practice complies with the Labor Contract Law and its amendments. However, the relevant governmental authorities may take a different view and impose fines on us.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

***The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.***

Under PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC industry and commerce authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or consolidated VIE. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations, and we may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on FIEs in China, capital contributions to our PRC subsidiaries are subject to the approval of or filing with the MOFCOM or their respective local branches and registration with a local bank authorized by the State Administration of Foreign Exchange, or SAFE. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or their respective local branches and (ii) our PRC subsidiaries may not procure loans which exceed the difference between their respective total investment amount and registered capital. Any medium or long-term loan to be provided by us to our VIE must be registered with the NDRC and the SAFE or its local branches. We may not be able to complete such registrations on a timely basis, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such registrations, our ability to use the proceeds of this offering and our concurrent private placement, and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capital for expenditure beyond their business scopes, providing entrusted loans or repaying loans between nonfinancial enterprises. The SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective in June 2016. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange related rules. Violations of these Circulars could result in severe monetary or other penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to use Renminbi converted from the net proceeds of this offering and our concurrent private placement, to fund the establishment of new entities in China by our VIE, to invest in or acquire any other PRC companies through our PRC subsidiaries, or to establish new consolidated VIEs in China, which may adversely affect our business, financial condition and results of operations.

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

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. It is difficult to predict how long such depreciation of RMB against the U.S. dollar may last and when and how the relationship between the RMB and the

U.S. dollar may change again. All of our revenues and substantially all of our costs 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, and the value of, and any dividends payable on, the ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars we receive from this offering and our concurrent private placement, into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or the ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and VIE to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

***Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.***

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor acquires 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 in 2008, are triggered. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the MOFCOM before they can be completed. In addition, PRC national security review rules which became effective in September 2011 require acquisitions by foreign investors of PRC companies engaged in military-related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations.

Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder of such SPV fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiary in China. On February 13, 2015, the SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

Some of our shareholders that we are aware of are subject to SAFE regulations, and we expect all of these shareholders will have completed all necessary registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37 immediately before completion of this offering. We cannot assure you, however, that all of these individuals may continue to make required filings or updates in a timely manner, or at all. We can provide no assurance that we are or will in the future continue to be informed of identities of all PRC residents holding direct or indirect interest in our company. Any failure or inability by such individuals to comply with SAFE regulations may subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiaries' ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future

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

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

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

***Any adverse change in our tax treatment could have a material and adverse impact on our business and results of operations.***

Our products and services are subject to value-added tax, or VAT from 6% to 16%. We also accrue for VAT relating to certain promotion initiatives, which amounted to RMB 0.02 million for the period from June 16, 2017 (inception date) to December 31, 2017, RMB62.9 million (US\$9.4 million) in 2018 and RMB36.6 million (US\$5.5 million) for the three months ended March 31, 2019. If the tax authority has a different view on our VAT accounting treatment, our results of operations may be adversely affected.

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

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its "*de facto* management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "*de facto* management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "*de*

*facto* management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular applies only to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "*de facto* management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "*de facto* management body" in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "*de facto* management body." If the PRC tax authorities determine that our company is a PRC resident enterprise for enterprise income tax purposes, we would be subject to PRC enterprise income on our worldwide income at the rate of 25%. Furthermore, we would be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of the ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of the ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

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

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets, as such persons need to determine whether their transactions are subject to these rules and whether any withholding obligation applies.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such

Indirect Transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who pays for the transfer is obligated to withhold the applicable taxes currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

***The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.***

Our independent registered public accounting firm that issues the audit report included in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Since our auditors are located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditors' audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditors' audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

***Proceedings instituted by the SEC against Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.***

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

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102E of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or, in extreme cases, the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

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

***Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our website.***

The PRC government has adopted regulations governing internet access and the distribution of news and other information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If our website is found to be in violation of any such requirements, we may be penalized by relevant authorities, and our operations or reputation could be adversely affected.

#### **Risks Relating to the ADSs and This Offering**

***An active trading market for our ordinary shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.***

We will apply to list the ADSs on the NASDAQ. We have no current intention to seek a listing for our ordinary shares on any stock exchange. Prior to completion of this offering, there has been no public market for the ADSs or our ordinary shares, and we cannot assure you that a liquid public market for the ADSs will develop. If an active public market for the ADSs does not develop following

the completion of this offering, the market price and liquidity of the ADSs may be materially and adversely affected. The initial public offering price for the ADSs will be determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of the ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of the ADSs.

***The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.***

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flows;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our products and services or our industry;
- announcements of new regulations, rules or policies relevant for our business;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

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

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

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

Sales of substantial amounts of ADSs in the public market after completion of this offering, or the perception that these sales could occur, could adversely affect the market price of ADSs. In connection with this offering, we, our officers and directors, all of our existing shareholders and option holders and our concurrent private placement investor have agreed not to sell any ordinary shares or ADSs for 180 days after the date of this prospectus without the prior written consent of the representative of the underwriters. Upon completion of this offering and the concurrent private placement to Louis Dreyfus Company B.V., we will have ordinary shares outstanding, including ordinary shares represented by

ADSs, assuming the underwriters do not exercise their option to purchase additional ADSs. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act. The remaining ordinary shares outstanding immediately after this offering and the concurrent private placement to Louis Dreyfus Company B.V. will be available for sale, upon the expiration of the 180-day lock-up period, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. In addition, the underwriters may exercise the discretion to release the securities held by the parties subject to the lock-up restriction prior to the expiration of the lock-up period. If the securities subject to lock-up are released before the expiration of the lock-up period, their sale or perceived sale into the market may cause the price of ADSs to decline. See "Underwriting" and "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling our securities after this offering.

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

Holders of the ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the Class A ordinary shares underlying the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as holder of the Class A ordinary shares underlying the ADSs. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with those instructions. If we do not instruct the depositary to ask for your instructions, you can still give instructions, and the depositary may vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the shares underlying the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our fifth amended and restated articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will notify you of the upcoming vote and to deliver our voting materials to you if we ask it to. We cannot assure you that you will receive the voting material in time to ensure you can direct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying the ADSs are voted and you may have no legal remedy if the shares underlying the ADSs are not voted as you requested.

***Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.***

We have adopted a dual-class share structure such that our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares conditional upon and effective immediately prior to the

completion of this offering. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. We will sell Class A ordinary shares represented by our ADSs in this offering.

Immediately upon the completion of this offering, the Pre-IPO Shareholders will beneficially own all of our issued and outstanding Class B ordinary shares. Based on an assumed initial public offering price of US\$ [redacted] per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, these Class B ordinary shares will constitute approximately [redacted] % of our total issued and outstanding share capital and [redacted] % of the aggregate voting power of our total issued and outstanding share capital immediately upon the completion of this offering, assuming the underwriters do not exercise their over-allotment option, and the issuance of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V.

As a result of this dual-class share structure, the holders of our Class B ordinary shares will have concentrated control over the outcome of matters put to a vote of shareholders and have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. The holders of Class B ordinary shares may take actions that are not in the best interest of us or our other shareholders or holders of the ADSs. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial. In addition, future issuances of Class B ordinary shares may be dilutive to the holders of Class A ordinary shares. As a result, the market price of our Class A ordinary shares could be adversely affected.

***Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

***Because the initial public offering price is substantially higher than the pro forma net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase the ADSs in this offering, you will pay more for each ADS than the corresponding amount paid by existing shareholders for their ordinary shares. As a result, you will experience immediate and substantial dilution of approximately US\$ [redacted] per ADS, assuming that no outstanding options to acquire ordinary shares are exercised. This number represents the difference between the initial public offering price of US\$ [redacted] per ADS, and our pro forma net tangible book value per ADS as of [redacted], 2019, after giving effect to this offering. You may experience further dilution to the extent that our ordinary shares are issued upon exercise of any share options. See "Dilution" for a more complete description of how the value of your investment in ADSs will be diluted upon completion of this offering and our concurrent private placement.

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

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

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

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in the ADSs could be greatly reduced or even rendered worthless.

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

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

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

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

endeavor to have a registration statement declared effective. Accordingly, holders of the ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

***Our post-IPO memorandum and articles of association that will become effective immediately prior to completion of this offering contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.***

We have adopted the fifth amended and restated memorandum and articles of association that will become effective immediately prior to completion of this offering. Our post-IPO memorandum and articles of association will contain provisions which could limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority subject to any resolution of the shareholders to the contrary, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

***The approval of the China Securities Regulatory Commission may be required in connection with this offering under PRC law.***

The M&A Rules purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by a special purpose vehicle seeking CSRC approval of its overseas listings. The interpretation and application of the regulations remain unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

King & Wood Mallesons, our PRC legal counsel, has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval of the listing and trading of the ADSs on the NASDAQ because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offering such as this offering contemplated by our Company are subject to the M&A Rules; (ii) the PRC Subsidiaries were incorporated as wholly foreign-owned enterprises by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are our Company's beneficial owners; and (iii) there is no provision in the M&A Rules that clearly classifies the Contractual arrangements as a kind of merger and acquisition transaction falling under the M&A Rules.

However, our PRC legal counsel has further advised us that there are substantial uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you

that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel, and hence we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have a material adverse effect on the trading price of the ADSs.

***We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."***

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NASDAQ, impose various requirements on the corporate governance practices of public companies. As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of such exemptions. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC.

We expect the rules and regulations applicable to us after we becoming a public company to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

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

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

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

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

***There can be no assurance that we will not be a passive foreign investment company, or PFIC, for our current or future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. investors in our Shares.***

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a passive asset for these purposes. Goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income.

Based on the expected composition of our income and assets and the value of our assets, including goodwill, which is based on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, it is not entirely clear how the contractual arrangements between us and our VIE will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIE is not treated as owned by us. Because the treatment of our contractual arrangements with our VIE is not entirely clear, because we will hold a substantial amount of cash following this offering and because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of ADSs, which could be volatile), there can be no assurance that we will not be a PFIC for our current or any future taxable year.

If we were a PFIC for any taxable year during which a U.S. investor owns our Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. investor. See "Taxation—U.S. Federal Income Tax Consideration—Passive Foreign Investment Company Rules."

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

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

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

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

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

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. 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.

You can identify these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "likely to" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our mission and growth strategies;
- our future business development, results of operations and financial condition;
- relevant government policies and regulations relating to our business and industry;
- our expectation regarding the use of proceeds from this offering and the concurrent private placement to Louis Dreyfus Company B.V.;
- general economic and business condition in China; and
- assumptions underlying or related to any of the foregoing.

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

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This prospectus also contains statistical data and estimates that we obtained from industry publications and reports generated by third-party providers of market intelligence. These industry publications and reports generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that the publications and reports are reliable, we have not independently verified the data.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering and the concurrent private placement to Louis Dreyfus Company B.V. of approximately US\$            million, or approximately US\$            million if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We plan to use the net proceeds of this offering and the concurrent private placement to Louis Dreyfus Company B.V. for general corporate purposes, which may include store network expansion, customer acquisition, research and development, sales and marketing, investment in our technology infrastructure, working capital, and other general and administrative matters. In utilizing the proceeds from this offering and the concurrent private placement to Louis Dreyfus Company B.V., we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, and to our consolidated VIE only through loans, and only if we satisfy the applicable government registration and approval requirements. We cannot assure you that we will be able to meet these requirements on a timely basis, if at all. See "Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business." We expect that all the net proceeds from this offering and the concurrent private placement to Louis Dreyfus Company B.V. will be used in the PRC in the form of RMB and mainly by funding our PRC subsidiaries through capital contributions. In general, the relevant registration and approval procedures for capital contributions typically take approximately eight weeks to complete and there is no statutory limit on the amount of capital contributions under PRC laws and regulations. We currently see no material obstacles in completing the registration and approval procedures with respect to future capital contributions to our PRC subsidiaries.

Pending use of the net proceeds, we intend to hold our net proceeds in short-term, interest-bearing, financial instruments or demand deposits.

## DIVIDEND POLICY

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares or the ADSs representing our Class A ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Regulation—Regulations Relating to Dividend Distributions."

Our Board of Directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares."

## CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2019:

- on an actual basis;
- on a pro forma basis to reflect (i) the conversion of all of our company's ordinary shares, angel shares, Series A convertible redeemable preferred shares and Series B convertible redeemable preferred shares into 3,001,985 Class B ordinary shares conditional upon and effective immediately prior to the completion of this offering, (ii) the subdivision of the then every issued and unissued but authorized shares of par value of US\$0.001 into 500 shares of par value of US\$0.000002 each conditional upon and effective immediately prior to the completion of this offering, and (iii) the recognition of a share-based compensation expense upon the satisfaction of the performance condition of this offering; and
- on a pro forma as adjusted basis to reflect (i) the conversion of all of our company's ordinary shares, angel-1 shares, angel-2 shares, Series A convertible redeemable preferred shares, Series B convertible redeemable preferred shares and Series B-1 convertible redeemable preferred shares into 3,175,167 Class B ordinary shares conditional upon and effective immediately prior to the completion of this offering, including 173,182 Series B-1 convertible redeemable preferred shares issued on April 17, 2019, and the issuance and the conversion of 15,211 Series B-1 convertible redeemable preferred shares to be held by an affiliate of TTCO into 15,211 Class A ordinary shares conditional upon and effective immediately prior to the completion of this offering, (ii) the subdivision of the then every issued and unissued but authorized shares of par value of US\$0.001 into 500 shares of par value of US\$0.000002 each conditional upon and effective immediately prior to the completion of this offering, (iii) the recognition of a share-based compensation expense upon the satisfaction of the performance condition of this offering, and (iv) the issuance and sale of Class A ordinary shares in the form of ADSs by us in this offering and sale of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V. at an assumed initial public offering price of US\$ per ADS being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us (assuming the underwriters do not exercise their option to purchase additional ADSs).

You should read this table together with our unaudited interim condensed consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of March 31, 2019					
	Actual		Pro forma		Pro forma as adjusted <sup>(1)</sup>	
	RMB	US\$	(in thousands)		RMB	US\$
			RMB	US\$		
<b>Mezzanine equity:</b>						
Series A convertible redeemable preferred shares (US\$0.001 par value; 2,000,000 shares authorized as of March 31, 2019; 544,688 issued and outstanding as of March 31, 2019)	2,113,347	314,899	—	—		
Series B convertible redeemable preferred shares (US\$0.001 par value; 1,000,000 shares authorized as of March 31, 2019; 279,152 issued and outstanding as of March 31, 2019)	2,219,826	330,764	—	—		
<b>Total mezzanine equity</b>	<b>4,333,173</b>	<b>645,663</b>	<b>—</b>	<b>—</b>		
<b>Shareholders' deficits:</b>						
Class B ordinary shares	—	—	21	3		
Ordinary shares (US\$0.001 par value; 45,400,000 shares authorized as of March 31, 2019; 750,000 issued and outstanding as of March 31, 2019)	—	—	—	—		
Angel-1 shares (US\$0.001 par value; 1,000,000 shares authorized; 915,750 issued and outstanding as of March 31, 2019)	743,376	110,766	—	—		
Angel-2 shares (US\$0.001 par value; 600,000 shares authorized; 513,000 issued and outstanding as of March 31, 2019)	512,812	76,411	—	—		
Additional paid-in capital	65,000	9,685	5,685,467	847,161		
Accumulated deficits	(3,819,461)	(569,117)	(3,850,588)	(573,756)		
Accumulated other comprehensive loss	(13,998)	(2,086)	(13,998)	(2,086)		
<b>Total shareholders' deficits</b>	<b>(2,512,271)</b>	<b>(374,341)</b>	<b>1,820,902</b>	<b>271,322</b>		
<b>Total liabilities, mezzanine equity and shareholders' deficits</b>	<b>2,900,715</b>	<b>432,221</b>				

(1) The pro forma as adjusted information discussed above is illustrative only.

## DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per Class A ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of March 31, 2019 was approximately US\$            per ordinary share and US\$            per ADS. Net tangible book value per ordinary share represents the amount of total tangible assets, minus the amount of total liabilities, divided by the total number of ordinary shares outstanding. Dilution is determined by subtracting net tangible book value per ordinary share from the public offering price per ordinary share.

Without taking into account any other changes in such net tangible book value after March 31, 2019, other than to give effect to (i) the conversion of all of our angel shares and preferred shares into ordinary shares on a one-to-one basis, which will occur automatically immediately prior to completion of this offering and (ii) our issuance and sale of ADSs offered in this offering and our issuance and sale of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V. at an initial public offering price of US\$            per ADS being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2019 would have been approximately US\$            million, or US\$            per ordinary share and US\$            per ADS, to existing shareholders and an immediate dilution in net tangible book value of US\$            per ordinary share, or US\$            per ADS, to purchasers of ADSs in this offering.

The following table illustrates the dilution on a per ordinary share basis at the assumed initial public offering price per ordinary share is US\$            and all ADSs are exchanged for ordinary shares:

	<u>Per Ordinary Share</u>	<u>Per ADS</u>
Initial public offering price	US\$	US\$
Net tangible book value	US\$	US\$
Pro forma net tangible book value per ordinary share after giving effect to the automatic conversion of all of our outstanding angel shares and convertible redeemable preferred shares	US\$	US\$
Pro forma net tangible book value per ordinary share as adjusted to give effect to the automatic conversion of all of our outstanding angel shares and convertible redeemable preferred shares and this offering and the concurrent private placement to Louis Dreyfus Company B.V. as of March 31, 2019	US\$	US\$
Amount of dilution in net tangible book value per ordinary share to new investors in the offering	US\$	US\$

The pro forma information discussed above is illustrative only.

The following table summarizes, on a pro forma basis as of March 31, 2019, the differences between the existing shareholders and the new investors with respect to the number of ordinary shares purchased from us in this offering and the concurrent private placement to Louis Dreyfus Company B.V., the total consideration paid and the average price per ordinary share paid at the initial public offering price of US\$            per ADS before deducting estimated underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include

ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
			Amount	(in thousands		
	Number	Percent	US\$	Percent	US\$	US\$
Existing shareholders						
New investors						
Total						

The discussion and tables above also assume no exercise of any stock options outstanding as of the date of this prospectus. As of the date of this prospectus, there are 158,031 ordinary shares issuable upon exercise of outstanding stock options under the 2019 Share Option Plan. To the extent that any of these options are exercised, there will be further dilution to new investors.

**EXCHANGE RATE INFORMATION**

Our reporting currency is the Renminbi because our business is mainly conducted in China and all of our revenues are denominated in Renminbi. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. The conversion of Renminbi into U.S. dollars in this prospectus is based on the rate certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at RMB6.7112 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on March 29, 2019. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On April 12, 2019, the rate was RMB6.7039 to US\$1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you.

<b>Period</b>	<b>Noon Buying Rate</b>			
	<b>Period End</b>	<b>Average<sup>(1)</sup></b> <b>(RMB per US\$1.00)</b>	<b>Low</b>	<b>High</b>
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2018				
October	6.9737	6.9191	6.9737	6.8680
November	6.9558	6.9367	6.9558	6.8894
December	6.8755	6.8837	6.9077	6.8343
2019				
January	6.6958	6.7864	6.8708	6.6958
February	6.6912	6.7367	6.7907	6.6822
March	6.7112	6.7119	6.7381	6.6916
April (through April 12)	6.7039	6.7142	6.7223	6.7039

Source: Federal Reserve Statistical Release

- (1) Annual averages were calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages are calculated by using the average of the daily rates during the relevant month.

## ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy the following benefits:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and may provide protection for investors to a lesser extent; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

All of our operations are conducted outside the United States, and all of our assets are located outside the United States. 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 a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Conyers Dill & Pearman, our counsel as to Cayman Islands law, and King & Wood Mallesons, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, 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.

We have been advised by Conyers Dill & Pearman, our counsel as to Cayman Islands laws, that the courts of the Cayman Islands would recognise as a valid judgment, a final and conclusive judgment *in personam* obtained in the federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the Cayman Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman

Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

We have been advised by King & Wood Mallesons, our PRC legal counsel, that there is uncertainty as to whether the courts of the PRC would enforce judgments of United States courts or Cayman courts obtained against us or these persons predicated upon the civil liability provisions of the United States federal and state securities laws. King & Wood Mallesons has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. 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. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

## CORPORATE HISTORY AND STRUCTURE

### Corporate History

In June 2017, we incorporated Lucky Coffee Inc. under the laws of the Cayman Islands as our offshore holding company, which later changed its name to Luckin Coffee Inc. in September 2017. In June 2017, we incorporated Lucky Coffee Inc. under the laws of the British Virgin Islands as Luckin Coffee Inc.'s wholly-owned subsidiary and our intermediate holding company to facilitate financing. Lucky Coffee Inc. changed its name to Luckin Coffee Investment Inc. in December 2017. Lucky Coffee (China) Limited was incorporated in June 2017 as Luckin Coffee Investment Inc.'s wholly-owned subsidiary in Hong Kong, which changed its name to Luckin Coffee (Hong Kong) Limited in October 2018, or Hong Kong Luckin. In April 2019, Luckin Coffee Investment Inc. incorporated another wholly-owned subsidiary, Luckin Coffee Roasting (Hong Kong) Limited, in Hong Kong.

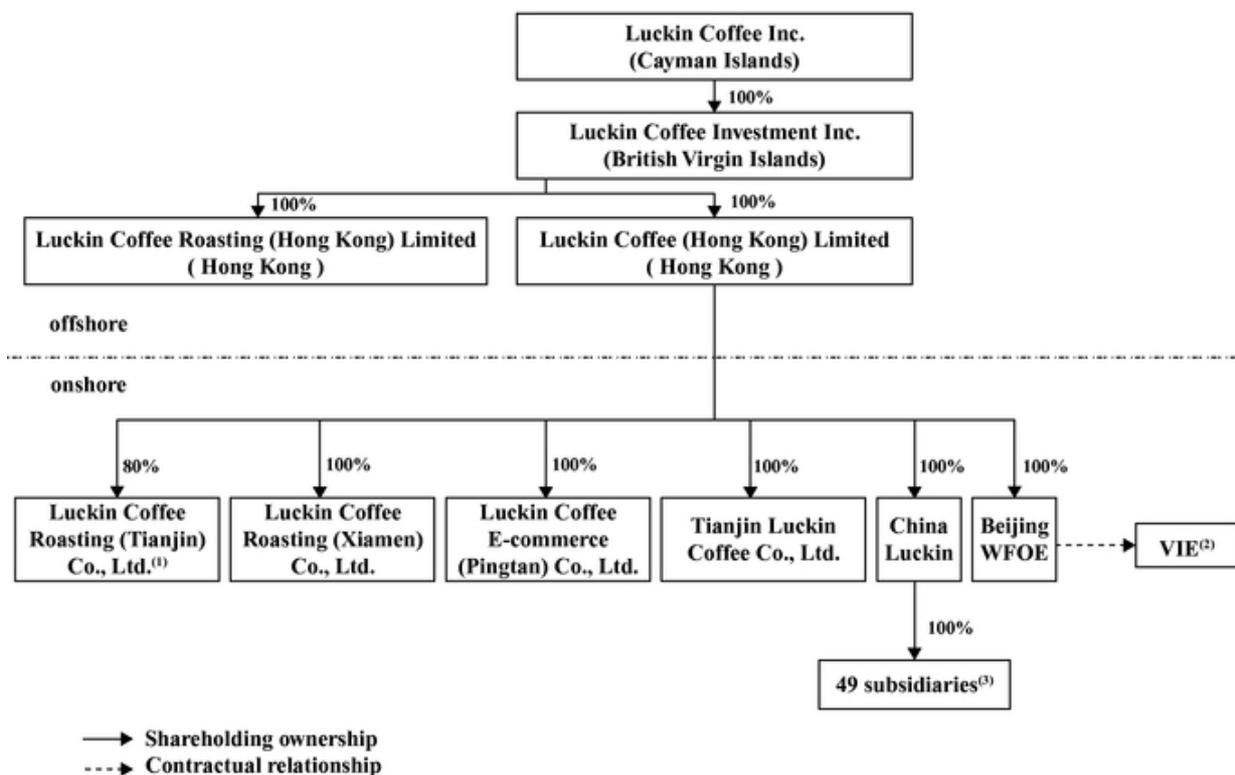
In October 2017, December 2017 and March 2018, Hong Kong Luckin incorporated Beijing Luckin Coffee Co., Ltd., or Beijing WFOE, Tianjin Luckin Coffee Co., Ltd. and Luckin Coffee (China) Co., Ltd., or China Luckin, as its wholly-owned subsidiaries in the PRC successively and began to operate coffee retail business. See "—Corporate Structure."

In July 2018 and September 2018, Beijing WFOE entered into a series of contractual arrangements with the VIE established in June 2017, which enable us to obtain control over the VIE through Beijing WFOE. Such contractual arrangements consist of proxy agreement and power of attorney, confirmation and guarantee letters, spousal consent letter, share pledge agreement, master exclusive service agreement, business cooperation agreement and exclusive option agreement. See "—Contractual Arrangements with the VIE and its Shareholders."

Luckin Coffee Inc. issued one ordinary share in June 2017 and issued one ordinary share in August 2017. In March 2018, Luckin Coffee Inc. increased ordinary shares to 750 shares and effected a share split, pursuant to which, the 750 ordinary shares were subdivided into 750,000 ordinary shares. After that, Luckin Coffee Inc. (i) issued 915,750 angel-1 shares, 513,000 angel-2 shares and 544,688 Series A convertible redeemable preferred shares in June 2018; (ii) issued 272,343 Series B convertible redeemable preferred shares in November 2018; (iii) issued 6,809 Series B convertible redeemable preferred shares in January 2019; and (iv) issued 173,182 Series B-1 convertible redeemable preferred shares in April 2019, to certain investors.

**Corporate Structure**

The following chart shows our corporate structure as of the date of this prospectus, including our principal subsidiaries and our VIE.



- (1) The remaining 20% equity interest in Luckin Coffee Roasting (Tianjin) Co., Ltd. was held by Forever Growth Enterprise Ltd., one of our roasted coffee bean suppliers.
- (2) Our director and chief executive officer, Ms. Jenny Zhiya Qian and one of our employees, Mr. Min Chen, hold 83.33% and 16.67% of the equity interest in the VIE, respectively.
- (3) As of the date of this prospectus, China Luckin has 49 direct and indirect wholly owned subsidiaries mainly operating coffee network.

**Contractual Arrangements with the VIE and its Shareholders**

We established our VIE to hold certain foreign restricted licenses and permits which we may need in the future as our business continues to expand, such as the ICP license. Our VIE does not currently generate any net revenue. We exercise effective control over our VIE through contractual arrangements among the Beijing WFOE, our VIE and its shareholders.

The contractual arrangements allow us to:

- exercise effective control over our VIE;
- receive substantially all of the economic benefits of our VIE; and
- have an exclusive option to purchase all or part of the equity interest in and/or assets of our VIE when and to the extent permitted by laws.

As a result of these contractual arrangements, we are the primary beneficiary of the VIE and, therefore, have consolidated the financial results of the VIE in our consolidated financial statements in accordance with U.S. GAAP.

In the opinion of King & Wood Mallesons, our PRC counsel:

- the ownership structure of the VIE, currently and immediately after completion of this offering, are not in violation of applicable PRC laws and regulations currently in effect; and
- the contractual arrangements among the Beijing WFOE, the VIE and the shareholders of the VIE, governed by PRC law, currently and immediately after giving effect to this offering, are legal, valid, binding and enforceable in accordance with its terms and applicable PRC Laws.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel.

The following is a summary of the contractual arrangements by and among the Beijing WFOE, the VIE and the shareholders of the VIE and their spouses, as applicable.

#### ***Agreements that Provide us with Effective Control over the VIE***

***Proxy Agreement and Power of Attorney.*** Pursuant to the Proxy Agreement and Power of Attorney among Beijing WFOE, the VIE and shareholders of the VIE, these shareholders irrevocably authorize Beijing WFOE or any person(s) designated by Beijing WFOE to act as his or her attorney-in-fact to exercise all of his or her rights as a shareholder of the VIE, including, but not limited to, the right to call and attend shareholders' meetings, execute and deliver any and all written resolutions and meeting minutes as a shareholder, vote by itself or by proxy on any matters discussed on shareholders' meetings, sell, transfer, pledge or dispose of any or all of the shares, nominate, appoint or remove the directors, supervisors and senior management, and other shareholders rights conferred by the articles of association of the VIE and the relevant laws and regulations. This agreement will remain in force as long as the VIE exists. The shareholders shall not have the right to terminate this agreement or revoke the appointment of the attorney-in-fact without the prior written consent of the Beijing WFOE.

***Confirmation and Guarantee Letters.*** Each shareholder of the VIE has signed a Confirmation and Guarantee Letter. Under the Confirmation and Guarantee Letters, each of the shareholders of the VIE confirmed, represented and guaranteed that in no circumstances will their ability to exercise their rights in the VIE be affected or any act that may affect or hinder the fulfillment of their obligations under the contractual agreements be carried out by any other person that may be entitled to assume rights and interests in their equity rights in the VIE. Each of the shareholders of the VIE further confirmed that they will unwind the contractual agreements and transfer all of the shares of the VIE to Beijing WFOE or any party designated by Beijing WFOE as soon as the applicable laws of the PRC allow Beijing WFOE to operate the business operated by the VIE without the contractual agreements, and will return any consideration received through this to Beijing WFOE or any party designated by Beijing WFOE. Each of the shareholders of the VIE undertook that unless otherwise agreed by the WFOE in written form, they will not engage in, own or acquire any business that competes or might compete with the business of the VIE or its affiliated companies, will not give rise to conflict of interest between themselves and Beijing WFOE and will take any action as instructed by Beijing WFOE to eliminate the conflict once such conflict arises.

***Spousal Consent Letter.*** Spouse of Mr. Min Chen has signed a spousal consent letter. Under the spousal consent letter, the spouse unconditionally and irrevocably waives any rights or entitlements whatsoever to such shares that may be granted to her pursuant to applicable laws and undertakes not to make any assertion of rights to such shares. The spouse agrees and undertakes that she will take all

necessary actions to ensure the proper performance of the contractual arrangements, and will be bound by the contractual arrangements in case she obtains any equity of the VIE due to any reason.

**Share Pledge Agreement.** Pursuant to the Share Pledge Agreement among Beijing WFOE and the shareholders of the VIE, the shareholders of the VIE have pledged 100% equity interest in the VIE to Beijing WFOE to guarantee the performance by the VIE and its shareholders of their obligations under the Master Exclusive Service Agreement, Business Cooperation Agreement, Exclusive Option Agreement and agreements to be executed among Beijing WFOE, the VIE and the shareholders from time to time. If the VIE or its shareholders breach their contractual obligations under these agreements, Beijing WFOE, as pledgee, will have the right to dispose of the pledged shares entirely or partially. The shareholders of the VIE also agreed, without Beijing WFOE's prior written consent, not to transfer the pledged shares, establish or permit the existence of any security interest or other encumbrance on the pledged shares, or dispose of the pledged shares by any other means, except by the performance of the Exclusive Option Agreement. We have completed the registration of the pledge of equity interests in the VIE with the relevant office of Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

#### ***Agreements that Allow us to Receive Economic Benefits from the VIE***

**Master Exclusive Service Agreement.** Pursuant to the Master Exclusive Service Agreement between Beijing WFOE and the VIE, Beijing WFOE or its designated entities affiliated has the exclusive right to provide the VIE with technical support and business support services in return for fees equal to 100% of the consolidated net profits of the VIE. Without Beijing WFOE's prior written consent, the VIE shall not, directly and indirectly, obtain the same or similar services as provided under this agreement from any third party, or enter into any similar agreement with any third party. Beijing WFOE has the right to determine the service fee charged to the VIE under this agreement by considering, among other things, the complexity of the services, the time spent by employees of the Beijing WFOE to provide the services, contents and commercial value of the service provided, as well as the benchmark price of similar services in the market. Beijing WFOE will have the exclusive ownership of all intellectual property rights developed by performance of this agreement. This agreement will remain effective until it is terminated at the discretion of Beijing WFOE or upon the transfer of all the shares of the VIE to Beijing WFOE and/or a third party designated by Beijing WFOE.

**Business Cooperation Agreement.** Pursuant to the Business Cooperation Agreement among Beijing WFOE, the VIE and the shareholders of the VIE, the VIE and the shareholders of the VIE agreed and covenanted that, without obtaining Beijing WFOE's written consent, the VIE shall not, and the shareholders shall cause the VIE not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including but not limited to any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice, merger, reorganization, acquisition or restructuring of its principal business or assets, or acquisition or investment in any other form, in favor of a third party, selling to or acquiring any tangible or intangible asset other than in the ordinary course of business, incurrence of any encumbrance on any of its assets, or amendment to its articles of association. The VIE shall accept, and the shareholders shall cause the VIE to accept, suggestions raised by Beijing WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of the VIE. The shareholders of the VIE shall only appoint persons designated by Beijing WFOE to be the directors of the VIE. This agreement will remain effective until it is terminated at the discretion of Beijing WFOE or upon the transfer of all the shares of the VIE to Beijing WFOE and/or a third party designated by Beijing WFOE.

*Agreements that Provide us with the Option to Purchase the Equity Interests in the VIE*

**Exclusive Option Agreement.** Pursuant to the Exclusive Option Agreement among Beijing WFOE, the VIE and its shareholders, the shareholders of the VIE irrevocably granted Beijing WFOE or any third party designated by Beijing WFOE an exclusive option to purchase all or part of their equity interests in the VIE at the lowest price permitted by applicable PRC laws. Those shareholders further undertake that they will neither allow the encumbrance of any security interest in the VIE, except for the pledge placed pursuant to the Share Pledge Agreement, nor transfer, mortgage or otherwise dispose of their legal or beneficial interests in the VIE without the prior written consent of Beijing WFOE, and will cause the shareholders' meeting and/or the board of directors and/or the executive directors of the VIE not to approve such proposal. This agreement will remain effective until it is terminated at the discretion of Beijing WFOE or upon the transfer of all the equity interest in the VIE to Beijing WFOE and/or a third party designated by Beijing WFOE.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statements of comprehensive loss data and selected consolidated cash flow data for the period from June 16, 2017, or the inception date, to December 31, 2017 and the year ended December 31, 2018 and the selected consolidated balance sheet data as of December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following selected unaudited interim condensed consolidated statements of comprehensive loss data and selected unaudited interim condensed consolidated cash flow data for the three months ended March 31, 2018 and 2019 and the selected unaudited interim condensed consolidated balance sheet data as of March 31, 2019 are derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial Data and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	Period from the inception date to	For the year ended		For the three months ended		
	December 31,	December 31,		March 31,		
	2017	2018		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)					
<b>Selected Consolidated Statements of Comprehensive Loss Data:</b>						
<b>Net revenues:</b>						
Freshly brewed drinks	215	649,609	96,795	9,575	361,095	53,805
Other products	25	135,642	20,211	1,403	83,980	12,513
Others	10	55,444	8,261	1,976	33,435	4,982
<b>Total net revenues</b>	<b>250</b>	<b>840,695</b>	<b>125,267</b>	<b>12,954</b>	<b>478,510</b>	<b>71,300</b>
<b>Operating expenses:</b>						
Cost of materials	(789)	(532,217)	(79,303)	(9,419)	(275,812)	(41,097)
Store rental and other operating costs	(1,559)	(576,244)	(85,863)	(20,224)	(282,371)	(42,075)
Depreciation expenses	(917)	(106,690)	(15,897)	(3,965)	(83,979)	(12,513)
Sales and marketing expenses	(25,464)	(746,018)	(111,160)	(54,412)	(168,103)	(25,048)
General and administrative expenses	(22,005)	(379,738)	(56,583)	(39,022)	(172,962)	(25,772)
Store preopening and other expenses	(5,723)	(97,794)	(14,572)	(11,085)	(22,374)	(3,334)
<b>Total operating expenses</b>	<b>(56,457)</b>	<b>(2,438,701)</b>	<b>(363,378)</b>	<b>(138,127)</b>	<b>(1,005,601)</b>	<b>(149,839)</b>
<b>Operating loss</b>	<b>(56,207)</b>	<b>(1,598,006)</b>	<b>(238,111)</b>	<b>(125,173)</b>	<b>(527,091)</b>	<b>(78,539)</b>
Interest income	11	8,915	1,328	53	1,551	231
Interest and financing expenses	—	(16,121)	(2,402)	—	(7,945)	(1,184)
Foreign exchange (loss) gain, net	(175)	13,113	1,954	(6,409)	(8,640)	(1,287)
Other expenses	—	(7,777)	(1,159)	(700)	(1,337)	(199)
Change in the fair value of warrant liability	—	(19,276)	(2,872)	—	(8,322)	(1,240)
<b>Net loss before income taxes</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Income tax expense	—	—	—	—	—	—
<b>Net loss</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Add: accretion to redemption value of convertible redeemable preferred shares	—	(1,571,182)	(234,113)	—	(18,845)	(2,808)
Add: deemed distribution to a certain holder of Series B convertible redeemable preferred shares	—	—	—	—	(2,127)	(317)
<b>Net loss attributable to our company's ordinary shareholders and angel shareholders</b>	<b>(56,371)</b>	<b>(3,190,334)</b>	<b>(475,375)</b>	<b>(132,229)</b>	<b>(572,756)</b>	<b>(85,343)</b>

The following table presents our selected consolidated balance sheet data as of December 31, 2017 and 2018 and our selected unaudited interim condensed consolidated balance sheet data as of March 31, 2019.

	As of December 31,			As of March 31,	
	2017	2018		2019	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)				
<b>Selected Consolidated Balance Sheet Data:</b>					
Total current assets	259,108	2,428,676	361,885	1,782,471	265,597
Total non-current assets	77,848	1,056,400	157,408	1,118,244	166,624
<b>Total assets</b>	<b>336,956</b>	<b>3,485,076</b>	<b>519,293</b>	<b>2,900,715</b>	<b>432,221</b>
Total current liabilities	388,295	780,890	116,358	848,303	126,403
Total non-current liabilities	32	353,438	52,663	231,510	34,496
<b>Total liabilities</b>	<b>388,327</b>	<b>1,134,328</b>	<b>169,021</b>	<b>1,079,813</b>	<b>160,899</b>

The following table presents our selected consolidated cash flow data for the periods indicated below.

	Period from	For the year		For the three	
	the inception	ended		months	
	date to	December 31,		ended	
December 31,	2017	2018		2018	2019
	RMB	RMB	US\$	RMB	US\$
	(in thousands)				
<b>Selected Consolidated Cash Flow Data:</b>					
Net cash used in operating activities	(95,026)	(1,310,694)	(195,297)	(123,645)	(93,519)
Net cash (used in)/generated from investing activities	(72,922)	(1,283,218)	(191,206)	(167,398)	76,645
Net cash generated from financing activities	387,219	3,988,402	594,289	177,646	86,234
Effect of foreign exchange rate changes on cash and cash equivalents	(175)	17,397	2,592	(4,980)	(7,392)
Net increase/(decrease) in cash and cash equivalents	219,096	1,411,887	210,378	(118,377)	(472,142)
Cash and cash equivalents at beginning of the period/year	—	219,096	32,646	219,096	1,630,983
Cash and cash equivalents at end of the period/year	219,096	1,630,983	243,024	100,719	1,158,841

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.*

### Overview

We are China's second largest and fastest-growing coffee network, in terms of number of stores and cups of coffee sold, according to the Frost & Sullivan Report. We have pioneered a technology-driven new retail model to provide coffee and other products with high quality, high affordability and high convenience to our customers. We believe that our disruptive model has fulfilled the large unmet demand for coffee and driven its mass market consumption in China, while allowing us to achieve significant scale and growth since our inception.

Driven by technology, our new retail model is built upon our mobile apps and store network. Our mobile apps cover the entire customer purchase process, offering our customers a 100% cashier-less environment. This enhances our customer experience, improves our operating efficiency, and allows us to stay connected with our customers and engage them anytime, anywhere. While operating three types of stores, we strategically focus on pick-up stores, which accounted for 91.3% of our total stores as of March 31, 2019. Our pick-up stores have limited seating and are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. This enables us to expand rapidly with low rental and decoration costs and stay close to our target customers. Our focus on technologies has enabled us to operate efficiently, grow rapidly while maintaining quality control.

We offer premium coffee and other high-quality products to our customers. We source premium Arabica coffee beans from prominent suppliers and engage World Barista Champion teams to design our coffee recipes. We procure coffee machines and coffee condiments from renowned global suppliers such as Schaerer. We also partner with reputable suppliers for our other products such as juices and light meals. Due to our scale, we are able to procure high-quality products from our suppliers at favorable prices.

Since inception, we have successfully built a brand of distinguished value propositions—high quality, high affordability and high convenience. We have also been able to cultivate a large and loyal customer base and achieve strong growth. Within 18 months, we expanded from a single trial store in Beijing to 2,370 stores in 28 cities in China as of March 31, 2019. We had over 16.8 million of cumulative transacting customers as of March 31, 2019. In addition, our customer repurchase rate in 2018 was over 54%.

China's freshly brewed coffee market is highly underpenetrated due to inconsistent qualities, high prices and inconvenience. We believe that our model has successfully driven the mass market coffee consumption in China by addressing these three pain points. We aim to become the largest coffee network in China, in terms of number of stores, by the end of 2019.

## Key Operating Data

We regularly monitor a number of operating metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

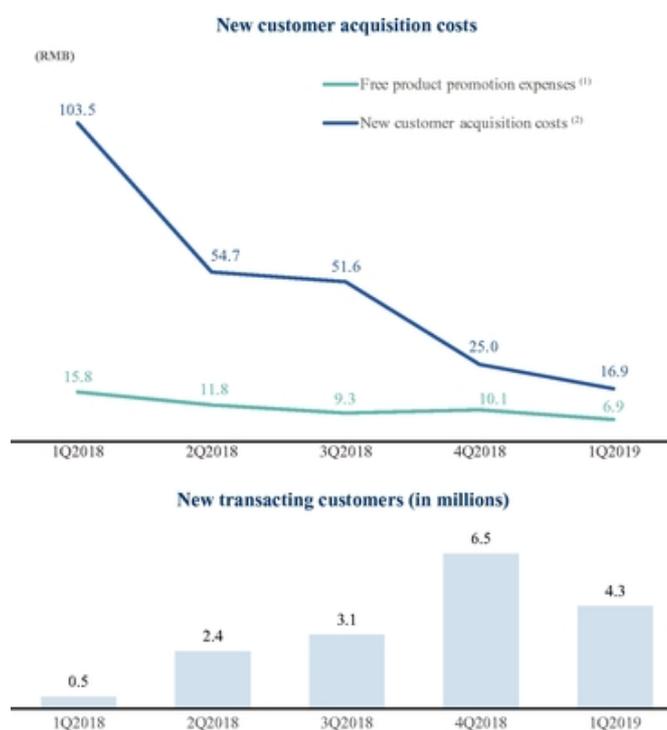
	For the three months ended or as of					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
<b>Total stores</b>	<b>9</b>	<b>290</b>	<b>624</b>	<b>1,189</b>	<b>2,073</b>	<b>2,370</b>
Pick-up stores	4	83	356	903	1,811	2,163
Relax stores	5	15	22	45	86	109
Delivery kitchens	0	192	246	241	176	98
<b>Cumulative number of transacting customers (in thousands)<sup>(1)</sup></b>	<b>11.1</b>	<b>485.0</b>	<b>2,917.8</b>	<b>5,984.3</b>	<b>12,529.5</b>	<b>16,872.3</b>
<b>Average monthly transacting customers (in thousands)<sup>(2)</sup></b>	<b>4.0</b>	<b>179.5</b>	<b>1,207.6</b>	<b>1,877.4</b>	<b>4,325.9</b>	<b>4,402.0</b>
<b>Average monthly total items sold (in thousands)<sup>(3)</sup></b>	<b>8.6</b>	<b>487.5</b>	<b>4,001.0</b>	<b>7,760.3</b>	<b>17,645.1</b>	<b>16,275.8</b>
Freshly brewed drinks	8.0	451.7	3,743.7	6,220.4	13,418.8	13,077.2
Other products	0.5	35.8	257.3	1,539.9	4,226.4	3,198.6

(1) The total number of transacting customers since our inception.

(2) Average monthly transacting customers of the three months during the quarter.

(3) Average monthly total items sold is calculated by dividing the total number of items sold during the quarter by three.

The following chart presents our new customer acquisition costs for the periods indicated:



(1) Free product promotion expenses per new transacting customer are calculated as total free product promotion expenses incurred during a specific period divided by the number of new transacting customers during the period.

(2) New customer acquisition costs are calculated as the sum of advertising expenses, free product promotion expenses and other sales and marketing expenses incurred during a specific period divided by the number of new transacting customers during the period.

New customer acquisition costs decreased from RMB103.5 in the first quarter of 2018 to RMB16.9 in the first quarter of 2019 per new transacting customer. The significant decrease in new customer acquisition costs was primarily attributable to our established brand, effective user engagement via our Luckin mobile app, and our expansive network. Specifically, we are able to generate valuable user traffic through our Luckin mobile app, and in 2018, 91.3% of new customers made their first purchase via our Luckin mobile app.

The following chart presents our customer retention rate for the periods indicated:



(1) We refer to new transacting customers during a specific month as a cohort. Customer retention rate of a cohort in a specific month is calculated as the number of transacting customers from the cohort during the month divided by the total number of customers from the cohort.

Customer retention rate demonstrates our customer loyalty. Despite a limited operating history, we have observed a typical customer behavior pattern. As illustrated in the chart above, customer retention rate tends to drop in the second month for most cohorts as many customers are initially attracted to our platform by our free vouchers. Customer retention rate tends to gradually increase in the following months as a result of the expansion of our store network, growing brand awareness, more diversified product offerings and enhanced customer experience. However, as our stores are mainly located in office buildings and our products are mostly consumed in office settings, we generally experience a seasonal decrease in customer retention rate during the Chinese New Year holidays. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Specific Factors Affecting Our Results of Operations—Seasonality."

### General Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of general factors in China, including:

- China's overall economic growth, level of urbanization and level of per capita disposable income;
- Growth in consumer expenditure, especially the expenditure on food and beverage;
- Consumers' demand for coffee, especially for freshly brewed coffee; and
- Increasing usage of mobile internet and increasing adoption of mobile payment.

Unfavorable changes in any of these general factors could materially and adversely affect our business and results of operations.

## Specific Factors Affecting Our Results of Operations

### *Our ability to attract and engage customers*

Our revenue growth is mainly driven by our ability to attract new customers and actively engage existing customers. Driven by technology, our new retail model is built upon our mobile apps and store network, which allows us to stay close to our customers and engage them anytime, anywhere. We leverage big data analytics and AI to analyze our customer behavior and transaction data, which enables us to attract new customers and retain and engage existing customers to increase repurchases. As of March 31, 2019, we had over 16.8 million cumulative transacting customers, and our repurchase rate was over 54% in 2018.

### *Increase product offerings and cross-sell*

While focusing on providing high-quality coffee items, we have also enriched our product offerings by introducing a selective number of new products to meet our target customers' daily needs. We will continue to accumulate data insights on customer behavior to introduce new products. We believe that selectively diversifying our product offerings will increase customer repurchases and revenue per customer. In 2018, we sold close to 90 million coffee and other product items, among which, 30.9% were non-coffee products.

### *The expansion of our store network*

The scale of our store network affects our business and revenue growth. We started our business in October 2017 and within 18 months, we became the second largest coffee network in China, in terms of number of stores, as of December 31, 2018. Our stores are 100% self-owned, all of which are located in the economically vibrant regions in China. The following table sets out the total number of our stores and their movement since our inception.

	For the three months ended,					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Number of stores at the beginning of the period	0	9	290	624	1,189	2,073
Number of stores at the end of the period	9	290	624	1,189	2,073	2,370
<b>Net increase in the number of stores</b>	<b>9</b>	<b>281</b>	<b>334</b>	<b>565</b>	<b>884</b>	<b>297</b>

Our scale, supported by technologies, enables us to gain more bargaining power over our suppliers and lower our operating cost as a percentage of our revenue. Our expanding presence in the market will also enhance our brand image, which we believe will further reduce our customer acquisition costs. We believe that our new retail model can help create a virtuous cycle which reinforces our leadership position. With more stores, we can serve more customers, accumulate more data, and achieve higher operational efficiency.

### *Effective selling prices of our products*

We have adopted a dynamic pricing model where we use algorithms to adjust and apply different discounts to our customers with different consumption preferences in the form of coupons and discount vouchers. The effective selling prices of our products represent our retail prices after applying such

discounts. We take into account a number of factors, including cost of materials and customer demand when determining our effective selling prices. Our future profitability will be affected by our ability to properly manage the effective selling prices of our products.

### **Efficient store operations**

We pursue and achieve store operational efficiency by leveraging technology. With our strong data analytics capabilities and smart supply chain management system, we are able to analyze sales and inventory status for each store on a real-time basis and efficiently replenish inventory. Big data analytics also help us manage our overall workforce and enable us to maintain efficient storefront operations.

Our technology-driven new retail business model significantly improves our operational efficiency. We measure our store performance with store level operating profit (loss), which is calculated by deducting cost of materials, store rental and other operating costs and depreciation expenses from net revenues. Our store level operating loss was RMB163.7 million (US\$24.4 million), RMB374.5 million (US\$55.8 million) and RMB3.0 million for the three months ended March 31, 2019, the year ended December 31, 2018 and the period from June 16, 2017 (inception date) to December 31, 2017, respectively. The store level operating loss accounted for 34.2%, 44.5% and 1,206.0% of net revenues for the three months ended March 31, 2019, the year ended December 31, 2018 and the period from June 16, 2017 (inception date) to December 31, 2017, respectively. In the long run, we expect our store level operating costs, including cost of materials, store rental and other operating costs and depreciation expenses, will continue to decrease as percentage of our net revenues.

### **Seasonality**

We experience seasonality in our business, primarily as a result of orders fluctuations in holiday seasons. For example, we generally experience fewer purchase orders during Chinese New Year holidays which fall between late January and late February. The decrease of sales during the holiday seasons is a typical pattern in the coffee market. For risks related to the seasonality of our business, see "Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to seasonal fluctuations and unexpected interruptions."

### **Key Components of Results of Operations**

#### **Net Revenues**

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

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018			For the three months ended March 31,				
			2018			2018		2019		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)									
<b>Net revenues:</b>										
Freshly brewed drinks	215	86.0%	649,609	96,795	77.3%	9,575	73.9%	361,095	53,805	75.4%
Other products	25	10.0%	135,642	20,211	16.1%	1,403	10.8%	83,980	12,513	17.6%
Others	10	4.0%	55,444	8,261	6.6%	1,976	15.3%	33,435	4,982	7.0%
<b>Total net revenues</b>	<b>250</b>	<b>100.0%</b>	<b>840,695</b>	<b>125,267</b>	<b>100.0%</b>	<b>12,954</b>	<b>100.0%</b>	<b>478,510</b>	<b>71,300</b>	<b>100.0%</b>

*Freshly brewed drinks.* We offer an array of freshly brewed drinks, including freshly brewed coffee and non-coffee drinks. Net revenues from sales of freshly brewed drinks are recognized upon delivery to customers, net of VAT, surcharges and discounts, if any.

*Other products.* Other products consist of food and beverage items, such as light meals.

*Others.* Our other revenues mainly include delivery fees paid by our customers.

### Operating Expenses

The following table sets forth a breakdown of our total operating expenses for the periods indicated:

	Period from the inception date to		For the year ended			For the three months ended March 31,					
	December 31,		December 31,			2018		2019			
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%	
(in thousands, except for percentages)											
<b>Operating expenses:</b>											
Cost of materials	789	1.4%	532,217	79,303	21.8%	9,419	6.8%	275,812	41,097	27.4%	
Store rental and other operating costs	1,559	2.8%	576,244	85,863	23.6%	20,224	14.6%	282,371	42,075	28.1%	
Depreciation expenses	917	1.6%	106,690	15,897	4.4%	3,965	2.9%	83,979	12,513	8.4%	
Sales and marketing expenses	25,464	45.1%	746,018	111,160	30.6%	54,412	39.4%	168,103	25,048	16.7%	
General and administrative expenses	22,005	39.0%	379,738	56,583	15.6%	39,022	28.3%	172,962	25,772	17.2%	
Store preopening and other expenses	5,723	10.1%	97,794	14,572	4.0%	11,085	8.0%	22,374	3,334	2.2%	
<b>Total operating expenses</b>	<b>56,457</b>	<b>100.0%</b>	<b>2,438,701</b>	<b>363,378</b>	<b>100.0%</b>	<b>138,127</b>	<b>100.0%</b>	<b>1,005,601</b>	<b>149,839</b>	<b>100.0%</b>	

*Cost of materials.* Cost of materials consists primarily of raw material costs, costs for low value consumables, storage fees, and logistic expenses for deliveries from warehouses to stores.

*Store rental and other operating costs.* Our store rental and other operating costs consist primarily of lease payments to lessors of our opened stores, payroll costs for our storefront employees, and utility expenses, among other operating expenses.

*Depreciation expenses.* Depreciation expenses consist primarily of depreciation charges for our machines and equipment and depreciation expenses for leasehold improvements.

*Sales and marketing expenses.* Sales and marketing expenses consist primarily of advertising expenses, cost of free products we offer to customers as part of our marketing initiative to attract new customers, delivery expenses as well as payroll expenses for sales and marketing employees.

*General and administrative expenses.* General and administrative expenses consist primarily of payroll and other employee benefits for our administrative employees, research and development expenses, rental expenses for our office buildings and other office expenses.

*Store preopening and other expenses.* Before opening new stores, it usually takes us some time to decorate the new stores and make preparation for store opening. Store preopening expenses primarily include rental costs incurred before opening of new stores. Other expenses mainly include lease exit costs.

## **Taxation**

### ***Cayman Islands***

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

### ***British Virgin Islands***

Our subsidiary incorporated in the British Virgin Islands is not subject to income or capital gains tax under the current laws of the British Virgin Islands. The British Virgin Islands do not impose a withholding tax on dividends.

### ***Hong Kong***

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

### ***PRC***

Our subsidiaries incorporated in China and our VIE are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. For example, enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Our PRC subsidiaries are subject to value-added taxes, or VAT, at a rate from 6% to 16% on our products and services, less any deductible VAT we have already paid or borne. They are also subject to surcharges on VAT payments in accordance with PRC law. As a Cayman Islands holding company, we may receive dividends from our PRC subsidiaries. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a nonresident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Nonresident Taxpayers to Enjoy Treatment under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. SAT Circular 60 provides that nonresident enterprises are not required to obtain preapproval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty

benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, we may be able to benefit from the 5% withholding tax rate for the dividends received from PRC subsidiaries if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 60, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and the ADS holders."

## Results of Operations

The following table sets forth our consolidated results of operations for the periods indicated, both in absolute amounts and as percentages of total net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018			For the three months ended March 31,					
	2017		2018			2018		2019			
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%	
<b>Net revenues:</b>											
Freshly brewed drinks	215	86.0%	649,609	96,795	77.3%	9,575	73.9%	361,095	53,805	75.4%	
Other products	25	10.0%	135,642	20,211	16.1%	1,403	10.8%	83,980	12,513	17.6%	
Others	10	4.0%	55,444	8,261	6.6%	1,976	15.3%	33,435	4,982	7.0%	
<b>Total net revenues</b>	<b>250</b>	<b>100.0%</b>	<b>840,695</b>	<b>125,267</b>	<b>100.0%</b>	<b>12,954</b>	<b>100.0%</b>	<b>478,510</b>	<b>71,300</b>	<b>100.0%</b>	
<b>Operating expenses:</b>											
Cost of materials	(789)	(315.6)%	(532,217)	(79,303)	(63.3)%	(9,419)	(72.7)%	(275,812)	(41,097)	(57.6)%	
Store rental and other operating costs	(1,559)	(623.6)%	(576,244)	(85,863)	(68.5)%	(20,224)	(156.1)%	(282,371)	(42,075)	(59.0)%	
Depreciation expenses	(917)	(366.8)%	(106,690)	(15,897)	(12.7)%	(3,965)	(30.6)%	(83,979)	(12,513)	(17.6)%	
Sales and marketing expenses	(25,464)	(10,185.6)%	(746,018)	(111,160)	(88.7)%	(54,412)	(420.0)%	(168,103)	(25,048)	(35.1)%	
General and administrative expenses	(22,005)	(8,802.0)%	(379,738)	(56,583)	(45.2)%	(39,022)	(301.2)%	(172,962)	(25,772)	(36.1)%	
Store preopening and other expenses	(5,723)	(2,289.2)%	(97,794)	(14,572)	(11.6)%	(11,085)	(85.6)%	(22,374)	(3,334)	(4.7)%	
<b>Total operating expenses</b>	<b>(56,457)</b>	<b>(22,582.8)%</b>	<b>(2,438,701)</b>	<b>(363,378)</b>	<b>(290.0)%</b>	<b>(138,127)</b>	<b>(1,066.2)%</b>	<b>(1,005,601)</b>	<b>(149,839)</b>	<b>(210.1)%</b>	
<b>Operating loss</b>	<b>(56,207)</b>	<b>(22,482.8)%</b>	<b>(1,598,006)</b>	<b>(238,111)</b>	<b>(190.0)%</b>	<b>(125,173)</b>	<b>(966.2)%</b>	<b>(527,091)</b>	<b>(78,539)</b>	<b>(110.1)%</b>	
Interest income	11	4.4%	8,915	1,328	1.1%	53	0.4%	1,551	231	0.3%	
Interest and financing expenses	—	—	(16,121)	(2,402)	(1.9)%	—	—	(7,945)	(1,184)	(1.7)%	
Foreign exchange (loss) gain, net	(175)	(70.0)%	13,113	1,954	1.6%	(6,409)	(49.5)%	(8,640)	(1,287)	(1.8)%	
Other expenses	—	—	(7,777)	(1,159)	(0.9)%	(700)	(5.4)%	(1,337)	(199)	(0.3)%	
Change in the fair value of warrant liability	—	—	(19,276)	(2,872)	(2.3)%	—	—	(8,322)	(1,240)	(1.7)%	
<b>Net loss before income taxes</b>	<b>(56,371)</b>	<b>(22,548.4)%</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(192.4)%</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(551,784)</b>	<b>(82,218)</b>	<b>(115.3)%</b>	
Income tax expense	—	—	—	—	—	—	—	—	—	—	
<b>Net loss</b>	<b>(56,371)</b>	<b>(22,548.4)%</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	<b>(192.4)%</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(551,784)</b>	<b>(82,218)</b>	<b>(115.3)%</b>	
Add: accretion to redemption value of convertible redeemable preferred shares	—	—	(1,571,182)	(234,113)	(186.9)%	—	—	(18,845)	(2,808)	(3.9)%	
Add: deemed distribution to a certain holder of Series B convertible redeemable preferred shares	—	—	—	—	—	—	—	(2,127)	(317)	(0.4)%	
<b>Net loss attributable to our company's ordinary shareholders and angel shareholders</b>	<b>(56,371)</b>	<b>(22,548.4)%</b>	<b>(3,190,334)</b>	<b>(475,375)</b>	<b>(379.3)%</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(572,756)</b>	<b>(85,343)</b>	<b>(119.6)%</b>	

**Discussion of the Three Months Ended March 31, 2018 and the Three Months Ended March 31, 2019*****Net revenue***

Our net revenues were RMB478.5 million (US\$71.3 million) in the three months ended March 31, 2019 and RMB13.0 million in the three months ended March 31, 2018. The growth of our net revenues was primarily driven by the significant increase in the number of our transacting customers, our stores and our products sold. As of March 31, 2019, we had over 16.8 million transacting customers and operated 2,370 stores in China, and in the first quarter of 2019, our average monthly total items sold was approximately 16.3 million.

***Freshly brewed drinks***

Our net revenues from freshly brewed drinks were RMB361.1 million (US\$53.8 million), representing 75.4% of total net revenues in the three months ended March 31, 2019, compared to RMB9.6 million, or 73.9% of total net revenues in the three months ended March 31, 2018. The growth of our freshly brewed drinks revenue was primarily driven by the significant increase in the number of our freshly brewed drinks sold.

***Other products***

Our net revenues from other products were RMB84.0 million (US\$12.5 million), representing 17.6% of total net revenues in the three months ended March 31, 2019, compared to RMB1.4 million, or 10.8% of total net revenues in the three months ended March 31, 2018. The increase in proportion of other product revenue was primarily driven by the increase in sales of food and beverage items launched after the first quarter of 2018, such as light meals.

***Others***

Our other revenue was RMB33.4 million (US\$5.0 million), representing 7.0% of total net revenues in the three months ended March 31, 2019, compared to RMB2.0 million, or 15.3% of total net revenues in the three months ended March 31, 2018. The decrease in proportion of other revenue in the three months ended March 31, 2019 was primarily due to the decrease in delivery orders as a percentage of total orders in the first quarter of 2019, which primarily resulted from the increased density of our pick-up stores.

***Operating expenses***

Our operating expenses were RMB1,005.6 million (US\$149.8 million) in the three months ended March 31, 2019, compared to RMB138.1 million in the three months ended March 31, 2018. The growth of our operating expenses was in line with our business expansion. Meanwhile, our operating expenses as a percentage of our net revenues decreased from 1,066.2% in the first quarter of 2018 to 210.1% in the first quarter of 2019, mainly driven by the increased economies of scale and our technology-driven operations.

### Cost of materials

The following table sets forth the components of our costs of materials by amounts and percentages of total costs of materials for the periods indicated.

	For the three months ended March 31, 2018		For the three months ended March 31, 2019		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Cost of raw materials	5,381	57.1%	235,699	35,121	85.5%
<i>Freshly brewed drinks</i>	4,309	45.7%	164,022	24,440	59.5%
<i>Other products</i>	1,072	11.4%	71,677	10,681	26.0%
Low value consumables	1,606	17.1%	7,565	1,127	2.7%
Storage fees	631	6.7%	14,217	2,118	5.2%
Logistic expenses	1,801	19.1%	18,331	2,731	6.6%
<b>Total</b>	<b>9,419</b>	<b>100.0%</b>	<b>275,812</b>	<b>41,097</b>	<b>100.0%</b>

Our cost of materials was RMB275.8 million (US\$41.1 million) in the three months ended March 31, 2019, compared to RMB9.4 million in the three months ended March 31, 2018.

### Store rental and other operating costs

The following table sets forth the components of our store rental and other operating costs by amounts and percentages of total store rental and other operating costs for the periods indicated.

	For the three months ended March 31, 2018		For the three months ended March 31, 2019		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Store rental	5,046	25.0%	100,015	14,903	35.4%
Payroll	13,538	66.9%	159,838	23,817	56.6%
Utilities and other store operating costs	1,640	8.1%	22,518	3,355	8.0%
<b>Total</b>	<b>20,224</b>	<b>100.0%</b>	<b>282,371</b>	<b>42,075</b>	<b>100.0%</b>

Our store rental and other operating costs were RMB282.4 million (US\$42.1 million) in the three months ended March 31, 2019, compared to RMB20.2 million in the three months ended March 31, 2018. The increased store rental and other operating costs in the three months ended March 31, 2019 were primarily attributed to the increased number of stores we operated in the three months ended March 31, 2019.

*Depreciation expenses*

The following table sets forth the components of our depreciation expenses by amounts and percentages of total depreciation expenses for the periods indicated.

	For the three months ended March 31, 2018		For the three months ended March 31, 2019		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Depreciation of equipment	1,309	33.0%	25,276	3,766	30.1%
Depreciation of leasehold improvements and others	2,656	67.0%	58,703	8,747	69.9%
<b>Total</b>	<b>3,965</b>	<b>100.0%</b>	<b>83,979</b>	<b>12,513</b>	<b>100.0%</b>

Our depreciation expenses were RMB84.0 million (US\$12.5 million) in the three months ended March 31, 2019, compared to RMB4.0 million in the three months ended March 31, 2018. The increase of the depreciation expenses in the three months ended March 31, 2019 was primarily attributable to the increased depreciation of leasehold improvements and the increase in purchase of property and equipment due to the increased number of our stores.

*Sales and marketing expenses*

Our sales and marketing expenses were RMB168.1 million (US\$25.0 million) in the three months ended March 31, 2019, compared to RMB54.4 million in the three months ended March 31, 2018. The following table sets forth the components of our sales and marketing expenses by amounts and percentages of total sales and marketing expenses for the periods indicated. The significant increase in delivery expenses was primarily due to the growth in our business scale which resulted in more delivery orders in the three months ended March 31, 2019.

	For the three months ended March 31, 2018		For the three months ended March 31, 2019		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Advertising expenses	39,848	73.2%	40,143	5,981	23.9%
Free product promotion expenses	7,486	13.8%	29,820	4,443	17.7%
Delivery expenses	5,384	9.9%	94,608	14,097	56.3%
Others	1,694	3.1%	3,532	527	2.1%
<b>Total</b>	<b>54,412</b>	<b>100.0%</b>	<b>168,103</b>	<b>25,048</b>	<b>100.0%</b>

*General and administrative expenses*

Our general and administrative expenses were RMB173.0 million (US\$25.8 million) in the three months ended March 31, 2019, compared to RMB39.0 million in the three months ended March 31, 2018. The increase in general and administrative expenses was mainly driven by our business expansion.

*Store preopening and other expenses*

Our store preopening and other expenses were RMB22.4 million (US\$3.3 million) in the three months ended March 31, 2019, compared to RMB11.1 million in the three months ended March 31, 2018. The increase in store preopening and other expenses in the three months ended March 31, 2019

was primarily due to the increased rental costs before opening associated with the increased number of new stores opened.

### ***Interest Income***

Our interest income was RMB1.6 million (US\$0.2 million) in the three months ended March 31, 2019, compared to RMB0.05 million in the three months ended March 31, 2018, which was primarily generated from our bank deposits and short-term investments.

### ***Interest and Financing Expenses***

Our interest and financing expenses were RMB7.9 million (US\$1.2 million) in the three months ended March 31, 2019 and nil in the three months ended March 31, 2018. The interest and financing expenses in the three months ended March 31, 2019 was primarily associated with our borrowings and capital lease. See "—Contractual Obligations."

### ***Foreign Exchange Loss, Net***

We recorded net foreign exchange loss of RMB8.6 million (US\$1.3 million) in the three months ended March 31, 2019, compared to net foreign exchange loss of RMB6.4 million in the three months ended March 31, 2018. The change in net foreign exchange loss was primarily attributed to fluctuations in the exchange rates of our foreign currency deposits.

### ***Other Expenses***

We recorded other expenses of RMB1.3 million (US\$0.2 million) in the three months ended March 31, 2019, compared to RMB0.7 million in the three months ended March 31, 2018.

### ***Change in the Fair Value of Warrant Liability***

We recorded a loss from change in the fair value of warrant liability of RMB8.3 million (US\$1.2 million) in the three months ended March 31, 2019 and nil in the three months ended March 31, 2018. The change in the fair value of warrant liability was primarily in relation to the warrant we issued to TTCO. See "—Contractual Obligations."

### ***Net Loss***

As a result of the foregoing, we recorded a net loss of RMB551.8 million (US\$82.2 million) in the three months ended March 31, 2019, compared to a net loss of RMB132.2 million in the three months ended March 31, 2018.

### **Discussion of the Year Ended December 31, 2018 and the Period from June 16, 2017 (Inception Date) to December 31, 2017**

We were incorporated on June 16, 2017 and commenced our operations in October 2017. As a result, our results of operations reflect the period from June 16, 2017 (inception date) to December 31, 2017 and the year ended December 31, 2018. There is no comparable period for 2017.

### ***Net Revenues***

Our net revenues were RMB840.7 million (US\$125.3 million) in 2018 and RMB0.3 million for the period from June 16, 2017 (inception date) to December 31, 2017. The growth of our net revenues was primarily driven by the significant increases in the number of our transacting customers, our stores and our products sold. As of December 31, 2018, we had over 12.5 million transacting customers, and in

2018, we sold close to 90 million coffee and other product items. As of December 31, 2018, we operated 2,073 stores in China.

#### *Freshly brewed drinks*

Our net revenues from freshly brewed drinks were RMB649.6 million (US\$96.8 million), representing 77.3% of total net revenues in 2018 and RMB0.2 million, representing 86.0% of total net revenues for the period from June 16, 2017 (inception date) to December 31, 2017. The growth of our freshly brewed drinks revenue was primarily driven by the significant increase in the number of our freshly brewed drinks sold. In 2018, we sold over 71.5 million freshly brewed drinks.

#### *Other products*

Our net revenues from other products were RMB135.6 million (US\$20.2 million), representing 16.1% of total net revenues in 2018 and RMB0.03 million, representing 10.0% of total net revenues for the period from June 16, 2017 (inception date) to December 31, 2017. The increase in proportion of other product revenue was primarily driven by the increase in sales of food and beverage items launched in 2018.

#### *Others*

Our other revenue was RMB55.4 million (US\$8.3 million), representing 6.6% of total net revenues in 2018 and RMB0.01 million, representing 4.0% of total net revenues for the period from June 16, 2017 (inception date) to December 31, 2017. The increase in proportion of other revenue in 2018 was primarily because of the increase in delivery orders in 2018.

#### **Operating Expenses**

Our operating expenses were RMB2,438.7 million (US\$363.4 million) in 2018 and RMB56.5 million for the period from June 16, 2017 (inception date) to December 31, 2017. The growth of our operating expenses was in line with our business expansion. We expect that our operating expenses as a percentage of net revenues will decrease with increased economies of scale and technology-driven operations.

#### *Cost of materials*

The following table sets forth the components of our costs of materials by amounts and percentages of total costs of materials for the periods indicated.

	Period from the inception date to December 31,		For the year ended December 31,		
	2017		2018		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Cost of raw materials	309	39.1%	411,966	61,385	77.3%
<i>Freshly brewed drinks</i>	269	34.1%	290,824	43,334	54.6%
<i>Other products</i>	40	5.0%	121,142	18,051	22.7%
Low value consumables	339	43.0%	42,382	6,315	8.0%
Storage fees	8	1.0%	32,775	4,884	6.2%
Logistic expenses	133	16.9%	45,094	6,719	8.5%
<b>Total</b>	<b>789</b>	<b>100.0%</b>	<b>532,217</b>	<b>79,303</b>	<b>100.0%</b>

Our cost of materials was RMB532.2 million (US\$79.3 million) in 2018 and RMB0.8 million for the period from June 16, 2017 (inception date) to December 31, 2017.

#### *Store rental and other operating costs*

The following table sets forth the components of our store rental and other operating costs by amounts and percentages of total store rental and other operating costs for the periods indicated.

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Store rental	617	39.6%	135,983	20,262	23.6%
Payroll	852	54.7%	378,733	56,433	65.7%
Utilities and other store operating costs	90	5.7%	61,528	9,168	10.7%
<b>Total</b>	<b>1,559</b>	<b>100.0%</b>	<b>576,244</b>	<b>85,863</b>	<b>100.0%</b>

Our store rental and other operating costs were RMB576.2 million (US\$85.9 million) in 2018 and RMB1.6 million for the period from June 16, 2017 (inception date) to December 31, 2017. The increased store rental and other operating costs in 2018 were primarily attributed to the increased number of stores we operated in 2018.

#### *Depreciation expenses*

The following table sets forth the components of our depreciation expenses by amounts and percentages of total depreciation expenses for the periods indicated.

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Depreciation of equipment	678	73.9%	33,822	5,040	31.7%
Depreciation of leasehold improvements and others	239	26.1%	72,868	10,857	68.3%
<b>Total</b>	<b>917</b>	<b>100.0%</b>	<b>106,690</b>	<b>15,897</b>	<b>100.0%</b>

Our depreciation expenses were RMB106.7 million (US\$15.9 million) in 2018 and RMB0.9 million for the period from June 16, 2017 (inception date) to December 31, 2017. The increase of the depreciation expenses in 2018 is primarily attributable to the increased depreciation of leasehold improvement due to the increased number of our stores.

#### *Sales and marketing expenses*

Our sales and marketing expenses were RMB746.0 million (US\$111.2 million) in 2018 and RMB25.5 million for the period from June 16, 2017 (inception date) to December 31, 2017. The following table sets forth the components of our sales and marketing expenses by amounts and percentages of total sales and marketing expenses for the periods indicated. The significant increases in

free product promotion expenses and delivery expenses are primarily due to our business growth in 2018.

	Period from the inception date to December 31, 2017		For the year ended December 31, 2018		
	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)				
Advertising expenses	23,910	93.9%	362,142	53,961	48.5%
Free product promotion expenses	160	0.6%	130,567	19,455	17.5%
Delivery expenses	29	0.1%	242,193	36,088	32.5%
Others	1,365	5.4%	11,116	1,656	1.5%
<b>Total</b>	<b>25,464</b>	<b>100.0%</b>	<b>746,018</b>	<b>111,160</b>	<b>100.0%</b>

#### *General and administrative expenses*

Our general and administrative expenses were RMB379.7 million (US\$56.6 million) in 2018 and RMB22.0 million for the period from June 16, 2017 (inception date) to December 31, 2017. The increase in general and administrative expenses was mainly driven by business expansion.

#### *Store preopening and other expenses*

Our store preopening and other expenses were RMB97.8 million (US\$14.6 million) in 2018 and RMB5.7 million for the period from June 16, 2017 (inception date) to December 31, 2017. The increase in store preopening and other expenses in 2018 was primarily due to the increased rental costs before opening associated with the increased number of new stores opened.

#### *Interest Income*

Our interest income was RMB8.9 million (US\$1.3 million) in 2018 and RMB0.01 million for the period from June 16, 2017 (inception date) to December 31, 2017, which is primarily generated from our bank deposits and short-term investments.

#### *Interest and Financing Expenses*

Our interest and financing expenses were RMB16.1 million (US\$2.4 million) in 2018 and nil for the period from June 16, 2017 (inception date) to December 31, 2017. The interest and financing expenses in 2018 was primarily associated with our borrowings and capital lease. See "—Contractual Obligations."

#### *Foreign Exchange (Loss) Gain, Net*

We recorded net foreign exchange gain of RMB13.1 million (US\$2.0 million) in 2018 and net foreign exchange loss of RMB0.2 million for the period from June 16, 2017 (inception date) to December 31, 2017. The change in net foreign exchange (loss) gain was primarily attributed to fluctuations in the exchange rates of our foreign currency deposits.

#### *Other Expenses*

We recorded other expenses of RMB7.8 million (US\$1.2 million) in 2018. We did not incur other expenses for the period from June 16, 2017 (inception date) to December 31, 2017.

***Change in the Fair Value of Warrant Liability***

We recorded a loss from change in the fair value of warrant liability of RMB19.3 million (US\$2.9 million) in 2018 and nil for the period from June 16, 2017 (inception date) to December 31, 2017. The change in the fair value of warrant liability is primarily in relation to the warrant we issued to TTCO Trust Corporation Limited, or TTCO. See "—Contractual Obligations."

***Net Loss***

As a result of the foregoing, we recorded a net loss of RMB1,619.2 million (US\$241.3 million) in 2018 and a net loss of RMB56.4 million for the period from June 16, 2017 (inception date) to December 31, 2017.

***Selected Quarterly Results of Operations***

The following table sets forth our unaudited consolidated quarterly results of operations for the periods indicated. You should read the following table in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited consolidated quarterly financial information includes all adjustments,

consisting only of normal and recurring adjustments, that we consider necessary for a fair representation of our operating results for the quarters presented.

	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	For the three months ended									
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)										
<b>Net revenues:</b>										
Freshly brewed drinks	9,575	73.9%	100,518	82.7%	192,666	80.0%	346,850	74.6%	361,095	75.4%
Other products	1,403	10.8%	8,449	7.0%	34,397	14.3%	91,393	19.6%	83,980	17.6%
Others	1,976	15.3%	12,542	10.3%	13,736	5.7%	27,190	5.8%	33,435	7.0%
<b>Total net revenues</b>	<b>12,954</b>	<b>100.0%</b>	<b>121,509</b>	<b>100.0%</b>	<b>240,799</b>	<b>100.0%</b>	<b>465,433</b>	<b>100.0%</b>	<b>478,510</b>	<b>100.0%</b>
<b>Operating expenses:</b>										
Cost of materials <sup>(1)</sup>	(9,419)	(72.7)%	(75,771)	(62.4)%	(151,648)	(63.0)%	(295,379)	(63.5)%	(275,812)	(57.6)%
Store rental and other operating costs <sup>(2)</sup>	(20,224)	(156.1)%	(99,939)	(82.2)%	(172,547)	(71.7)%	(283,534)	(60.9)%	(282,371)	(59.0)%
Depreciation expenses <sup>(3)</sup>	(3,965)	(30.6)%	(14,973)	(12.3)%	(28,873)	(12.0)%	(58,879)	(12.7)%	(83,979)	(17.6)%
Sales and marketing expenses <sup>(4)</sup>	(54,412)	(420.0)%	(178,061)	(146.5)%	(225,255)	(93.5)%	(288,290)	(61.9)%	(168,103)	(35.1)%
General and administrative expenses	(39,022)	(301.2)%	(74,916)	(61.7)%	(118,298)	(49.1)%	(147,502)	(31.7)%	(172,962)	(36.1)%
Store preopening and other expenses	(11,085)	(85.6)%	(21,296)	(17.5)%	(29,793)	(12.4)%	(35,620)	(7.7)%	(22,374)	(4.7)%
<b>Total operating expenses</b>	<b>(138,127)</b>	<b>(1,066.2)%</b>	<b>(464,956)</b>	<b>(382.6)%</b>	<b>(726,414)</b>	<b>(301.7)%</b>	<b>(1,109,204)</b>	<b>(238.4)%</b>	<b>(1,005,601)</b>	<b>(210.1)%</b>
<b>Operating loss</b>	<b>(125,173)</b>	<b>(966.2)%</b>	<b>(343,447)</b>	<b>(282.6)%</b>	<b>(485,615)</b>	<b>(201.7)%</b>	<b>(643,771)</b>	<b>(138.4)%</b>	<b>(527,091)</b>	<b>(110.1)%</b>
Interest income	53	0.4%	144	0.1%	3,519	1.5%	5,199	1.1%	1,551	0.3%
Interest and financing expenses	—	—	(554)	(0.5)%	(7,428)	(3.1)%	(8,139)	(1.7)%	(7,945)	(1.7)%
Foreign exchange (loss)/gain, net	(6,409)	(49.5)%	13,644	11.2%	8,392	3.5%	(2,514)	(0.5)%	(8,640)	(1.8)%
Other expenses	(700)	(5.4)%	(2,784)	(2.3)%	(2,804)	(1.2)%	(1,489)	(0.3)%	(1,337)	(0.3)%
Change in the fair value of warrant liability	—	—	—	—	(991)	(0.4)%	(18,285)	(3.9)%	(8,322)	(1.7)%
<b>Net loss before income taxes</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(332,997)</b>	<b>(274.1)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(668,999)</b>	<b>(143.7)%</b>	<b>(551,784)</b>	<b>(115.3)%</b>
Income tax expense	—	—	—	—	—	—	—	—	—	—
<b>Net loss</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(332,997)</b>	<b>(274.1)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(668,999)</b>	<b>(143.7)%</b>	<b>(551,784)</b>	<b>(115.3)%</b>
Add: accretion to redemption value of convertible redeemable preferred shares	—	—	(793,992)	(653.4)%	—	—	(777,190)	(167.0)%	(18,845)	(3.9)%
Add: deemed distribution to a certain holder of Series B convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,217)	(0.4)%
<b>Net loss attributable to our company's ordinary shareholders and angel shareholders</b>	<b>(132,229)</b>	<b>(1,020.7)%</b>	<b>(1,126,989)</b>	<b>(927.5)%</b>	<b>(484,927)</b>	<b>(201.4)%</b>	<b>(1,446,189)</b>	<b>(310.7)%</b>	<b>(572,756)</b>	<b>(119.6)%</b>

(1) The following table sets forth the components of our cost of materials by amounts and percentages of total cost of materials for the periods indicated.

	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	For the three months ended									
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)										
Cost of raw materials	5,381	57.1%	53,177	70.2%	115,185	76.0%	238,223	80.6%	235,699	85.5%
<i>Freshly brewed drinks</i>	4,309	45.7%	45,475	60.0%	86,071	56.8%	154,969	52.5%	164,022	59.5%
<i>Other products</i>	1,072	11.4%	7,702	10.2%	29,114	19.2%	83,254	28.1%	71,677	26.0%
Low value consumables	1,606	17.1%	12,897	17.0%	13,372	8.8%	14,507	4.9%	7,565	2.7%
Storage fees	631	6.7%	3,402	4.5%	2,600	1.7%	26,142	8.9%	14,217	5.2%
Logistic expenses	1,801	19.1%	6,295	8.3%	20,491	13.5%	16,507	5.6%	18,331	6.6%
<b>Total</b>	<b>9,419</b>	<b>100.0%</b>	<b>75,771</b>	<b>100.0%</b>	<b>151,648</b>	<b>100.0%</b>	<b>295,379</b>	<b>100.0%</b>	<b>275,812</b>	<b>100.0%</b>

- (2) The following table sets forth the components of our store rental and other operating costs by amounts and percentages of total store rental and other operating costs for the periods indicated.

	For the three months ended									
	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
Store rental	5,046	25.0%	18,026	18.0%	41,014	23.8%	71,897	25.4%	100,015	35.4%
Payroll	13,538	66.9%	73,785	73.8%	112,233	65.0%	179,177	63.2%	159,838	56.6%
Utilities and other store operating costs	1,640	8.1%	8,128	8.2%	19,300	11.2%	32,460	11.4%	22,518	8.0%
<b>Total</b>	<b>20,224</b>	<b>100.0%</b>	<b>99,939</b>	<b>100.0%</b>	<b>172,547</b>	<b>100.0%</b>	<b>283,534</b>	<b>100.0%</b>	<b>282,371</b>	<b>100.0%</b>

- (3) The following table sets forth the components of our depreciation expenses by amounts and percentages of total depreciation expenses for the periods indicated.

	For the three months ended									
	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
Depreciation of equipment	1,309	33.0%	5,086	34.0%	9,772	33.8%	17,655	30.0%	25,276	30.1%
Depreciation of leasehold improvements and others	2,656	67.0%	9,887	66.0%	19,101	66.2%	41,224	70.0%	58,703	69.9%
<b>Total</b>	<b>3,965</b>	<b>100.0%</b>	<b>14,973</b>	<b>100.0%</b>	<b>28,873</b>	<b>100.0%</b>	<b>58,879</b>	<b>100.0%</b>	<b>83,979</b>	<b>100.0%</b>

- (4) The following table sets forth the components of our sales and marketing expenses by amounts and percentages of total sales and marketing expenses for the periods indicated.

	For the three months ended									
	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
Advertising expenses	39,848	73.2%	101,842	57.2%	127,372	56.5%	93,080	32.3%	40,143	23.9%
Free product promotion expenses	7,486	13.8%	28,744	16.1%	28,385	12.6%	65,952	22.9%	29,820	17.7%
Delivery expenses	5,384	9.9%	44,920	25.2%	67,118	29.8%	124,771	43.3%	94,608	56.3%
Others	1,694	3.1%	2,555	1.5%	2,380	1.1%	4,487	1.5%	3,532	2.1%
<b>Total</b>	<b>54,412</b>	<b>100.0%</b>	<b>178,061</b>	<b>100.0%</b>	<b>225,255</b>	<b>100.0%</b>	<b>288,290</b>	<b>100.0%</b>	<b>168,103</b>	<b>100.0%</b>

We have experienced continued growth in our net revenues since our inception, mainly driven by the significant increases in the number of our transacting customers, our stores and our products sold. The proportion of net revenues from other products increased from 10.8% in the first quarter of 2018 to 17.6% in the first quarter of 2019, primarily due to the increase in sales of food and beverage items launched as part of our cross-selling strategy. The proportion of other revenues decreased from 15.3% in the first quarter of 2018 to 7.0% in the first quarter of 2019 since delivery orders as a percentage of total orders decreased from 61.7% in the first quarter of 2018 to 27.7% in the first quarter of 2019, which was primarily resulted from the increased density of our pick-up stores.

Our operating expenses continued to increase since our inception, which was in line with our business expansion. Meanwhile, our operating expenses as a percentage of our net revenues decreased from 1,066.2% in the first quarter of 2018 to 210.1% in the first quarter of 2019, mainly driven by the increased economies of scale and our technology-driven operations. In particular, sales and marketing expenses as a percentage of our net revenues decreased from 420.0% in the first quarter of 2018 to 35.1% in the first quarter of 2019, and general and administrative expenses as a percentage of our net revenues decreased from 301.2% in the first quarter of 2018 to 36.1% in the first quarter of 2019.

## Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods indicated:

	Period from	For the year ended		For the three months ended March 31,		
	the inception	December 31,		2018	2019	
	date to	2017	2018	US\$	RMB	US\$
	December 31,	RMB	US\$	RMB	RMB	US\$
		(in thousands)				
<b>Summary Consolidated Cash Flow Data:</b>						
Net cash used in operating activities	(95,026)	(1,310,694)	(195,297)	(123,645)	(627,629)	(93,519)
Net cash (used in)/generated from investing activities	(72,922)	(1,283,218)	(191,206)	(167,398)	76,645	11,421
Net cash generated from financing activities	387,219	3,988,402	594,289	177,646	86,234	12,848
Effect of foreign exchange rate changes on cash and cash equivalents	(175)	17,397	2,592	(4,980)	(7,392)	(1,101)
Net increase/(decrease) in cash and cash equivalents	219,096	1,411,887	210,378	(118,377)	(472,142)	(70,351)
Cash and cash equivalents at beginning of the period/year	—	219,096	32,646	219,096	1,630,983	243,024
Cash and cash equivalents at end of the period/year	219,096	1,630,983	243,024	100,719	1,158,841	172,673

Our principal source of liquidity has been cash generated from historical equity financing activities. As of December 31, 2018 and March 31, 2019, we had RMB1,631.0 million (US\$243.0 million) and RMB1,158.8 million (US\$172.7 million) in cash and cash equivalents, respectively. Our cash and cash equivalents consist primarily of bank deposits and are primarily denominated in Renminbi. Our operating expenses continued to increase historically and are expected to continue to increase in line with our business expansion. Meanwhile, leveraging our new retail model, we experienced robust growth in net revenues in 2018 and in the three months ended March 31, 2019. As a result of increased economies of scale and technology-driven operations, our operating expenses as a percentage of our net revenues decreased significantly from 1,066.2% in the first quarter of 2018 to 210.1% in the first quarter of 2019, and similarly, our operating loss as a percentage of our net revenues decreased rapidly from 966.2% in the first quarter of 2018 to 110.1% in the first quarter of 2019. See "—Selected Quarterly Results of Operations." Nevertheless, as we continue to focus on business growth and expansion, our operating expenses in absolute amounts are expected to continue to increase in the near future. Moreover, competitive landscape and customer demand and preference may also affect our financial performance. As a result, there is substantial uncertainty with respect to our results of operations and we cannot assure you when we will achieve profitability. See "Risk Factors—We have incurred significant net losses since our inception and we may continue to experience significant net losses in the future." We believe that our current cash and cash equivalents, short-term investments and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

In utilizing the proceeds we expect to receive from this offering and the concurrent private placement to Louis Dreyfus Company B.V., we may make capital contributions to our PRC subsidiaries, acquire or establish new PRC subsidiaries or give loans to our PRC subsidiaries for further expansion of our store network. However, most of these uses are subject to PRC regulations. See "Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC

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

Substantially all of our future net revenues are likely to continue to be denominated in Renminbi. Under existing PRC foreign exchange regulations, Renminbi may be converted into foreign currencies for current account items, including profit distributions, interest payments and trade- and service-related foreign exchange transactions, without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, 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. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

### ***Operating Activities***

Net cash used in operating activities was RMB627.6 million (US\$93.5 million) in the three months ended March 31, 2019, compared to RMB123.6 million in the three months ended March 31, 2018. The difference between our net loss of RMB551.8 million (US\$82.2 million) and the net cash used in operating activities in the three months ended March 31, 2019 was primarily attributed to (i) an increase in prepaid expenses and other current assets of RMB53.9 million, (ii) a decrease in deferred revenues of RMB47.7 million, (iii) an increase in inventories of RMB38.9 million and (iv) a decrease in amounts due to related parties of RMB16.2 million, partially offset by depreciation expenses of RMB84.0 million.

Net cash used in operating activities was RMB1,310.7 million (US\$195.3 million) in 2018 and RMB95.0 million for the period from June 16, 2017 (inception date) to December 31, 2017. The difference between our net loss of RMB1,619.2 million (US\$241.3 million) and the net cash used in operating activities in 2018 was primarily attributed to (i) an increase in accrued expenses and other liabilities of RMB361.1 million, (ii) an increase in accounts and note payable of RMB176.7 million, and (iii) an increase in deferred revenue of RMB126.4 million, partially offset by (i) an increase in prepaid expenses and other current assets of RMB311.4 million and (ii) an increase in inventories of RMB146.6 million.

### ***Investing Activities***

Net cash generated from investing activities was RMB76.6 million (US\$11.4 million) in the three months ended March 31, 2019, compared to net cash used in investing activities of RMB167.4 million in the three months ended March 31, 2018. The change in net cash (used in)/generated from investing activities was primarily attributed to the principals of short-term investments returned at maturity and the receipt of loan from a related party, partially offset by cash used for the purchases of property and equipment .

Net cash used in investing activities was RMB1,283.2 million (US\$191.2 million) in 2018 and RMB72.9 million for the period from June 16, 2017 (inception date) to December 31, 2017. The significant increase in net cash used in investing activities was primarily attributed to the purchases of property and equipment as our store network continued to grow and short-term investments, partially offset by the principals of short-term investments returned at maturity.

## Financing Activities

Net cash generated from financing activities was RMB86.2 million (US\$12.8 million) in the three months ended March 31, 2019, compared to RMB177.6 million in the three months ended March 31, 2018. The decrease in net cash generated from financing activities in the three months ended March 31, 2019 was primarily attributed to the proceeds from issuance of our angel shares in the three months ended March 31, 2018.

Net cash generated from financing activities in 2018 was RMB3,988.4 million (US\$594.3 million) and RMB387.2 million for the period from June 16, 2017 (inception date) to December 31, 2017. The significant increase in net cash generated from financing activities in 2018 was primarily attributed to proceeds from the issuance of our shares, proceeds from short-term and other borrowings and proceeds from long-term borrowing, partially offset by the payments of capital lease obligation and the repayment of loans from related parties.

## Capital Expenditures

Our capital expenditures are incurred primarily in connection with purchase of property and equipment. Our capital expenditures were RMB73 million and RMB1,005.7 million (US\$149.9 million), respectively, for the period from June 16, 2017 (inception date) to December 31, 2017 and for the year ended December 31, 2018 and RMB167.4 million and RMB200.4 million (US\$29.9 million) in the three months ended March 31, 2018 and 2019, respectively. Our commitments for capital expenditures as of December 31, 2018 and March 31, 2019 were RMB21.3 million (US\$3.2 million) and RMB24.1 million (US\$3.6 million), respectively, which were primarily attributed to the renovation and decoration of our stores. See "—Contractual Obligations." We intend to fund our future capital expenditures with our existing cash balance and proceeds from this offering and our concurrent private placement.

## Contractual Obligations

The following table sets forth our contractual obligations as of March 31, 2019:

	Payment due by			
	Total	Less than 1 year	1 - 3 years	More than 3 years
Operating lease commitments <sup>(1)</sup>	1,280,655	475,384	639,596	165,675
Capital commitments <sup>(2)</sup>	24,139	24,139	—	—
Short-term bank borrowings <sup>(3)</sup>	65,582	65,582	—	—
Long-term borrowing <sup>(4)</sup>	299,756	147,030	152,726	—
Capital lease obligation <sup>(5)</sup>	109,871	109,871	—	—

(1) We lease stores and offices for operation under operating lease. Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases.

(2) Capital commitments refer to capital expenditures on the renovation and decoration of our stores.

(3) The short-term bank borrowings for working capital purpose, which include a loan obtained from SPD Bank Co., Ltd., or SPD,. See "—Credit Facilities."

(4) The borrowing was obtained from TTCO for working capital and business development purpose. See "—Credit Facilities."

(5) We entered into a capital lease for certain coffee machines. See "—Credit Facilities."

### **Credit Facilities**

In May 2018, we entered into a 12-month lease agreement for certain coffee machines totaled RMB350 million with Everbright Financial Leasing Co., Ltd., or Everbright Financial Leasing. The agreement provides for customary representations, warranties and events of default. The interest rate of this facility is 5.22% per annum. We make monthly payment of principal and interest over the lease term, and may purchase the leased assets at a consideration of RMB100 at maturity. To secure our obligation under this agreement, we have provided a corporate guarantee to Everbright Financial Leasing and Mr. Lu, chairman of our board of directors, has pledged 35.3 million shares of UCAR INC. to Everbright Financial Leasing. We also entered into a similar arrangement with Zhongguancun Science-Tech Leasing Company Limited for an amount of RMB45 million in March 2019. As of March 31, 2019, the carrying amount of the assets held under capital lease was RMB206.6 million (US\$30.8 million), and our future minimum lease payment under the capital lease was RMB113.2 million (US\$16.9 million).

In June 2018, we entered into a facility agreement for working capital loans with TTCO, under which we were granted a two-year term loan up to RMB300 million (US\$44.7 million). The agreement provides for customary representations, warranties, affirmative and negative covenants and events of default. The interest rate of this facility is 8% per annum. We make quarterly payment of interest for the first year, followed by quarterly payment of principal and interest for the second year. As of March 31, 2019, the total outstanding amount of the term loan was RMB299.8 million (US\$44.7 million). To secure our obligation under this facility, we have pledged 48% equity interest of Beijing WFOE to TTCO, and Mr. Lu, our chairman of the board of directors, and Ms. Qian, our director and chief executive officer, have provided personal guarantees.

In connection with the loan facility extended by TTCO, we have granted TTCO a warrant to make equity investment of up to RMB60 million in our company with an exercise price equal to 1.6 times of the issue price of our Series A convertible redeemable preferred shares, subject to adjustment. TTCO exercised the warrant in April 2019 and we will issue 15,211 Series B-1 convertible redeemable preferred shares for a consideration of US\$8.9 million to one of its affiliates accordingly. See Note 9 "Borrowings" of our consolidated financial statements for more details.

In March 2019, we entered into a facility agreement with SPD for working capital purpose, under which we were granted an approximately nine-month term revolving loan up to RMB60 million (US\$8.9 million). The agreement provides for customary representations, warranties, affirmative and negative covenants and events of default. To secure our obligation under this facility, Beijing Luckin Coffee Co., Ltd. and Tianjin Luckin Coffee Co., Ltd., our wholly owned subsidiaries, Mr. Lu and Ms. Qian have provided guarantees.

### **Off-Balance Sheet Commitments and Arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

### **Critical Accounting Policies**

We are an emerging growth company as defined by JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of extended transition periods for complying with new or

revised accounting standards. This allows us to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. We elected to take advantage of the extended transition periods.

We prepare our financial statements in accordance with U.S. GAAP, which requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates and revenues and expenses during the reporting periods. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements. You should read the following description of critical accounting policies, judgments and estimates in conjunction with our consolidated financial statements and other disclosures included in this prospectus.

### ***Revenue recognition***

Customers place orders and pay for freshly brewed drinks and pre-made food and beverage items through our self-developed app and Weixin mini-program with different options to pay through third party payment service providers. Revenues including delivery fees charged to customers are recognized at the point of delivery to customers. Revenues are reported net of VAT, surcharges of 6% to 16% and discounts, if any. Customers that purchase prepaid vouchers are issued additional vouchers of the same value for free at the time of purchase. All vouchers are stored in the "Coffee Wallet" of the customers' registered accounts for future use. Cash received from the sales of prepaid vouchers are recognized as deferred revenues. Purchase consideration is equally allocated to each voucher as an element, including the vouchers issued for free, using the relative-selling-price method to determine an effective selling price for each voucher. The allocated effective selling price are recognized as revenues upon the redemption of the vouchers for purchases.

From time to time, for promotional purposes, we issue to customers discounts in the form of coupons that can be applied for future purchases. As the customers are required to make future purchases of freshly brewed drinks or pre-made food and beverage items when redeeming the coupons, we recognize the amounts of discounts as reductions of revenues at the time of coupon redemption in accordance with ASC 605-50.

During a limited period of time, we provided cash rewards to customers who made qualified purchases. We accrue the cash incentives as reductions of revenues at the time of sales assuming all of the cash incentives will be redeemed in accordance with ASC 605-50. We recognized the cash incentives as reductions of revenues for the three months periods ended March 31, 2018 and 2019 amounting to nil and RMB12.7 million (US\$1.9 million), respectively.

VAT and surcharges are recorded as reductions of revenues. VAT and surcharges amounted to RMB0.02 million and RMB62.9 million (US\$9.4 million) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively. VAT amounted to RMB0.8 million and RMB36.6 million (US\$5.5 million) in the three months ended March 31, 2018 and 2019, respectively.

### ***Income taxes***

We follow the liability method of accounting for income taxes in accordance with ASC 740, *Income Taxes*, or ASC 740. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. We record a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

We accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties related to unrecognized tax benefit recognized in accordance with ASC 740 are classified in the consolidated statements of comprehensive loss as income tax expenses.

### ***Leases***

Leases are classified at the inception date as either a capital lease or an operating lease. We did not enter into any leases whereby we are the lessor for any of the periods presented. As the lessee, a lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life, or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. The initial direct costs including processing fees paid to the lessor to consummate the lease are included in the minimum lease payments. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. We entered into a capital lease for certain store operating equipment during the year ended December 31, 2018.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. We lease stores for food and beverage items services provision and office space for corporate administration under operating leases. Most lease agreements contain rent holidays and rent escalation clauses. Rent holidays and escalating rent are considered in determining the straight-line rent expenses to be recorded over the lease terms. The lease terms begin on the dates of initial possession of the lease properties for purposes of recognizing lease expenses on a straight-line basis over the terms of the leases.

### ***Inventories***

Inventories are stated at the lower of cost or net realizable value. Cost of inventory are determined using the moving weighted average method. We record inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. For all periods presented, there were no inventory reserves recognized.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any recorded impairment. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

<u>Category</u>	<u>Estimated useful life</u>
Store operating equipment	5 years
Office equipment and others	3 - 5 years
Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets

Repair and maintenance costs are charged to expense as incurred, whereas the costs of betterments that extend the useful life of property and equipment are capitalized as additions to the related assets. Retirements, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

**Fair value of financial instruments**

We apply ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided on fair value measurement.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Our financial instruments include cash and cash equivalents, short-term investments, accounts payable, receivables from online payment platforms, deposits, other receivables and payables, short-term bank borrowing, long-term borrowing, capital lease obligation and warrant liability. The warrant liability is measured at fair value. Other than the long-term borrowing and warrant liability, the carrying values of these financial instruments approximate their fair values due to their short-term maturities. The carrying amount of the long-term borrowing approximates its fair values since it bears an interest rate which approximates market interest rate. The warrant liability is initially measured at fair value on the issuance date, and subsequently re-measured at the end of each reporting period with an adjustment for fair value recorded to the current period expense.

**Share-based compensation**

On January 18, 2019, the shareholders and Board of Directors of the Company approved the 2019 share option plan (the "2019 Plan"), which is administrated by the Board of Directors and has a term of 10 years from the date of adoption. Under the 2019 Plan, we reserved 158,031 ordinary shares of the Company for issuance to its eligible employees, officers, directors, business associates or any other individual as determined by the board of directors. The purpose of the 2019 Plan is to attract and retain exceptionally qualified individuals and to motivate them to exert their best efforts on behalf of the Group by providing incentives through granting awards. On January 18, 2019, the reserved 158,031 options were fully granted.

We apply ASC 718, *Compensation—Stock Compensation* ("ASC718"), to account for employee share-based payments. In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or equity award. All of the Company's share-based awards to employees are equity awards that are recognized in the consolidated financial statements based on their grant date fair values. In accordance with ASC 718, we recognize share-based compensation costs for equity awards to employees with a performance condition based on the probable outcome of the performance condition. Compensation costs are recognized using the accelerated method if it is probable that the performance condition will be achieved. We early adopted ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvement to Employee Share-based Payment Accounting* and account for forfeitures as they occur.

We, with the assistance of an independent third party valuation firm, determined the fair value of the stock options granted to employees. The fair value of share options at the time of grant is determined using the binomial option-pricing model with the assistance of an independent third-party appraiser. The model requires the input of subjective assumptions, including the risk-free rate, the expected share price volatility, the expected dividends on the underlying ordinary shares and the exercise multiple.

The assumptions we adopted to estimate the fair value of share options granted were as follows::

	<b>For the three months ended March 31, 2019</b>
Risk-free rate	2.79%
Expected volatility	41.06%
Expected dividend yield	0.0%
Exercise multiple	2.80
Life of options (years)	10.0

These assumptions and estimates are as follows:

- *Expected volatility:* We historically have been a private company and lack information on our share price volatility. Therefore, we estimate our expected share price volatility based on the historical volatility of similar companies that are publicly traded. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own share price becomes available.
- *Expected dividend yield:* We estimated this based on our expected dividend policy over the contractual life of the options.
- *Exercise multiple:* We did not issue options before and thus did not have an exercise pattern of our own options for reference. Accordingly, the exercise multiple is based on management's estimation by referencing to academic research publication, which we believe is a fair assumption for the time being until we can develop a pattern base on the exercise of our employee options.

- *Risk-free rate:* Risk-free rate for the period within the contractual life of the options are based on the U.S. Treasury yield curve at the time of grant.
- *Life of options:* Based on the term in the option agreements.

### ***Fair value of ordinary shares***

Prior to our initial public offering, we were a private company with no quoted market prices for our ordinary shares. Therefore, we need to estimate the fair value of our ordinary share as at the grant dates of share-based compensation awards to our employees as one of the inputs into determining the grant date fair value of the award.

We considered the use of three generally accepted valuation approaches: market, cost and income approach, and applied the method that we believe as the most appropriate in accordance with the guidelines outlined in the American Institute of Certified Public Accountants' Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, with the assistance of an independent third-party appraiser. The assumptions we used in the valuation model are based on future expectations combined with management's judgement, with inputs of numerous objective and subjective factors, to determine the fair value of ordinary shares. The factors that we considered include the following:

- Our operating and financial performance;
- Current business conditions and projections;
- Our stage of development;
- The prices, rights, preferences and privileges of our preferred shares relative to those of our ordinary shares;
- The likelihood of achieving a liquidity event for our company's shares, such as an initial public offering;
- Any adjustment necessary to recognize a lack of marketability for our ordinary shares; and
- The market performance of industry peers.

In order to determine the fair value of our ordinary shares underlying the share option grant, we first determined our equity value and then allocated the equity value to different classes of shares under liquidation, the redemption and the IPO scenarios, using a combination of the probability-weighted expected return method and the option pricing method. Under the liquidation and the redemption scenarios, option pricing method was adopted to allocate the value between convertible preferred shares and ordinary shares, and under the IPO scenario, total equity value was allocated to preferred shares and ordinary shares on an as-if converted basis.

In determining our equity value, we used the discounted cash flow (DCF) method of the income approach as the primary valuation approach, and to cross-check the reasonableness of results derived under the income approach by the market approach.

The DCF analysis is performed using the projected cash flows developed by management based on management's best estimates as of the valuation date. The determination of fair value requires complex and subjective judgments to be made regarding projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation. The major assumptions used in the DCF include:

- **Weighted average cost of capital, or WACC:** The discount rates applied in the DCF were based on the WACCs determined after considering factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors.

- Comparable companies: In deriving the WACCs, seven similar publicly traded companies were selected as our guideline companies.
- Discount for lack of marketability, or DLOM: DLOM was estimated based on the value of a put option determined by using the Finnerty model and the Black-Scholes option-pricing model. The value of a put option serves as a proxy for the premium a willing buyer would pay to guarantee the marketability and price of the underlying asset in the future. The farther the valuation date is from an expected liquidity event, the higher the put option value would be and thus the higher the implied DLOM. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. The growth rates of our revenues, as well as major milestones that we have achieved, contributed to the fair value of the shares. However, fair value determination is highly subjective. The assumptions used in deriving the fair value are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain. The risks associated with achieving forecasts were assessed in selecting the appropriate discount rates.

We believe the increase in the fair value of the ordinary shares of our company from US\$269.05 per ordinary share as of December 31, 2018 to US\$530.46 per ordinary share as of March 31, 2019 was primarily attributable to the following factors:

- The impending launch of our initial public offering ("IPO"), which will provide us with additional capital, enhance our ability to access capital markets to grow business and enhance our profile and reputation;
- As our company's preferred shares will be automatically converted into and re-designated as ordinary shares upon the completion of this offering, the increase in the estimated probability of a successful IPO results in an allocation of a higher portion of our company's equity value to ordinary shares;
- As we progressed towards an IPO, the lead time to an expected liquidity event decreased, resulting in a decrease of DLOM from 8% as of December 31, 2018 to 5% as of March 31, 2019;
- We entered into a Series B-1 preferred shares term sheet with a world-renowned asset management investor on March 28, 2019 to raise new primary capital. This would provide us with additional capital to develop our business and at the same time enhance the profile and reputation of our company, which in turn would facilitate a successful IPO. The sale and purchase agreement was signed subsequently on April 12, 2019 at a price of US\$865.91 per share raising a total of approximately US\$150.0 million and the transaction has been closed;
- We adjusted our financial forecast to reflect the anticipated higher revenue growth rate and better financial performance in the future due to the increase in number of stores, cumulative number of transacting customers and net revenue during the first quarter of 2019 as mentioned below;
- Firstly, our business grew rapidly since incorporation in 2017, and became the second largest but the fastest-growing coffee network in China with respect to the number of stores and cups of coffee sold, according to the Frost & Sullivan Report. From the first quarter of 2018, we expanded from a single trial store in Beijing to 2,073 stores in 22 cities as of December 31, 2018 and 2,370 stores in 28 cities in China as of March 31, 2019;

- Secondly, our disruptive model has fulfilled the large unmet demand for coffee and cultivates a large and loyal customer base. Our cumulative number of transacting customers increased from 12.5 million to 16.9 million as of December 31, 2018 and March 31, 2019, respectively. In addition, our customer repurchase rate in 2018 was over 54%;
- As a result, our quarterly net revenue grew significantly from RMB13.0 million during the first quarter of 2018 to RMB478.5 million during the first quarter of 2019. Despite the significant negative impact from the Chinese New Year holiday as some of our stores were closed during the entire holiday, our quarterly net revenue still grew by 3% from RMB465.4 million in the last quarter of 2018 to RMB478.5 million (US\$71.3 million) in the first quarter of 2019; and
- We recently recruited senior management and directors consisting of prominent business leaders and seasoned industry experts. The support from these experienced industry experts has enabled us to become more institutional and has strengthened the confidence of investors in our success.

In accordance with the 2019 Plan, vested options will become exercisable after the IPO. Given that the inability of the employees to exercise these options or receive any ordinary shares until the completion of the IPO constitutes a performance condition that is not considered probable until the IPO completion date, we will not recognize any compensation expense until an IPO occurs. As such, no share-based compensation expenses was recognized for the quarter ended March 31, 2019. As of March 31, 2019, total unrecognized share-based compensation expense relating to the unvested 158,031 share options was estimated to be RMB289.8 million (US\$43.0 million).

Upon the completion of the IPO, we will immediately recognize expenses associated with options that are vested as of that date. In addition, we will also recognize any remaining compensation expenses over the remaining service requisite period using the accelerated method.

### **Internal Control over Financial Reporting**

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources to address our internal controls and procedures. In connection with the audit of our consolidated financial statements as of and for the year ended December 31, 2018, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are our company's lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of United States generally accepted accounting principles and Securities and Exchange Commission rules, and lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and SEC reporting and compliance requirements.

We are in the process of implementing a number of measures to address these material weaknesses identified, including: (i) hiring additional accounting and financial reporting personnel with U.S. GAAP and SEC reporting experience, (ii) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations, (iii) developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes, and (iv) establishing

effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our company's consolidated financial statements and related disclosures.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. See "Risk Factors—Risks Relating to Our Business and Industry—If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected."

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions.

### **Holding Company Structure**

Luckin is a holding company with no material operations of its own. We conduct our operations through our PRC subsidiaries and consolidated VIE. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries and consolidated VIE. If our subsidiaries, our consolidated VIE or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. Pursuant to the law applicable to China's foreign investment enterprise, our subsidiaries that are foreign investment enterprise in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriations to the other two reserve funds are at our subsidiary's discretion. In accordance with PRC company laws, our consolidated VIE in China must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our consolidated VIE. Appropriation to discretionary surplus fund is made at the discretion of our consolidated VIE.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See "Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency

conversion may delay us from using the proceeds of this offering and our concurrent private placement to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business." As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and our VIE when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries to our VIE or direct loans to such consolidated affiliated entity's nominee shareholders, which would be contributed to the consolidated variable entity as capital injections. Such direct loans to the nominee shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity's share capital.

## **Quantitative and Qualitative Disclosures about Market Risk**

### ***Foreign currency exchange rate risk***

From July 21, 2005, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The (depreciation) / appreciation of the U.S. dollars against Renminbi was approximately (3.9%) and 5.0% for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively. The functional currency and the reporting currency of our Company are U.S. dollars and Renminbi, respectively. Both the functional currency and reporting currency of our Company's subsidiaries are Renminbi. Any significant revaluation of U.S. dollars may materially and adversely affect our earnings and shareholders' deficits in Renminbi given that a portion of our subsidiaries' cash and cash equivalents are denominated in U.S. dollars. A 5% depreciation of U.S. dollars against Renminbi may increase loss and shareholders' deficits by RMB8.2 million and RMB13.8 million (US\$2.0 million) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

### ***Currency convertibility risk***

We transact all of our business in Renminbi, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China, or the PBOC. However, the unification of the exchange rates does not imply that the Renminbi may be readily convertible into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

### ***Interest rate risk***

We are exposed to interest rate risk on our interest-bearing assets and liabilities. As part of our asset and liability risk management, we review and take appropriate steps to manage our interest rate exposures on our interest-bearing assets and liabilities. We have not been exposed to material risks due to changes in market interest rates, and not used any derivative financial instruments to manage the interest risk exposure during the year ended December 31, 2018 and in the three months ended March 31, 2019.

## **Recently Issued Accounting Pronouncements**

A list of recent relevant accounting pronouncements is included in Note 2 "Summary of Significant Accounting Policies" of our Consolidated Financial Statements.

## INDUSTRY OVERVIEW

China's rising urbanization and disposable income have been and are expected to continue to be the main growth engines of its coffee industry, and more and more people in China have begun to consume more coffee in their daily lives. However, compared to the developed countries, including other East Asian countries and regions, China's coffee market is still highly underdeveloped. The average coffee consumption has been relatively low and mostly dominated by non-freshly brewed coffee. Despite the increased demand from Chinese consumers, inconsistent qualities, high prices and inconvenience are the key pain points that hamper the growth of China's freshly brewed coffee consumption. With these pain points being gradually addressed, we expect coffee consumption to accelerate in China.

### Overview of China's Coffee Industry

China's coffee market has been undergoing significant growth in recent years. According to the Frost & Sullivan Report, the number of cups of coffee consumed in China has grown from 4.4 billion cups in 2013 (3.2 cups per capita) to 8.7 billion cups in 2018 (6.2 cups per capita), and is expected to further increase to 15.5 billion cups in 2023 (10.8 cups per capita). In terms of retail sales, the market has grown from RMB15.6 billion in 2013 to RMB56.9 billion in 2018, and is expected to reach RMB180.6 billion in 2023, representing a CAGR of 26.0% from 2018 to 2023.



(1) in terms of retail sales

Source: the Frost & Sullivan Report

Despite the rapid growth, China's coffee market is highly underpenetrated compared to those in the developed countries, including other East Asian countries and regions. According to the Frost & Sullivan Report, per capita coffee consumption in China is only 1.6% of that in the United States and only 2.5% of that in Hong Kong in 2018.

### Per capita coffee consumption in 2018 (Number of cups)

<u>Mainland China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>Japan</u>	<u>United States</u>	<u>Germany</u>
6.2	209.4	249.5	279.0	388.3	867.4

Similar to other developed countries and regions in Asia, we expect coffee consumption per capita in China to witness a phase of rapid growth as urbanization and disposable income continue to increase. For example, per capita coffee consumption in Japan increased by 3.2 times from 13.1 cups in

1963 to 42.0 cups in 1970. Taiwan and Hong Kong also experienced similar rapid growth rates in the 1980s and 1990s, leading up to their current coffee consumption levels.

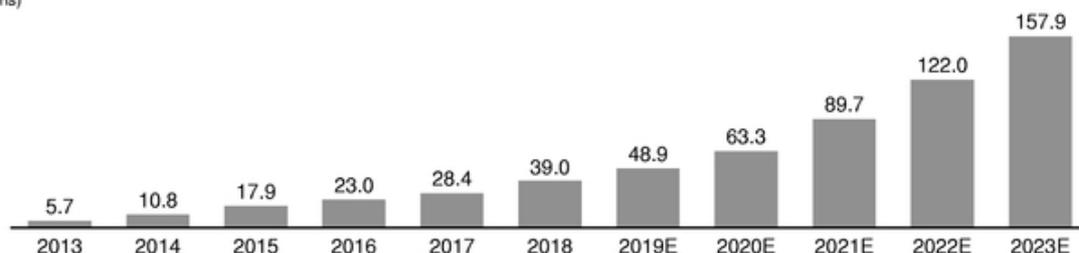
### Freshly Brewed Coffee Market in China

In China, coffee consumption in terms of cup volume has historically been dominated by non-freshly brewed coffee, including soluble coffee and ready-to-drink coffee.

Compared to non-freshly brewed coffee, freshly brewed coffee is healthier, and has better preservation of aroma and flavor and more varieties of offerings. Hence, it is more popular in developed countries and regions. In 2018, the percentage of freshly brewed coffee consumed in Taiwan, the United States and Japan in terms of cup volume was 83.3%, 80.7% and 63.1%, respectively, while the same ratio in China was only 25.0%. The historical low penetration rate of freshly brewed coffee in China is primarily due to inconsistent qualities, high prices and inconvenience. With these pain points being gradually addressed, we expect China's per capita consumption of freshly brewed coffee to accelerate, increasing from 1.6 cups per capita in 2018 to 5.5 cups per capita in 2023. In terms of retail sales, freshly brewed coffee market has grown from RMB5.7 billion (36.7% of total coffee market) in 2013 to RMB39.0 billion (68.6% of total coffee market) in 2018, and will further grow to RMB157.9 billion (87.4% of total coffee market) in 2023, representing a CAGR of 32.3% from 2018 to 2023.

**China's freshly brewed coffee market size<sup>(1)</sup>**

(RMB billions)



#### Number of freshly brewed coffee cups consumed

	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Per capita	0.3	0.5	0.8	1.0	1.2	1.6	1.8	2.2	3.2	4.3	5.5
% of total cups	9.4%	13.2%	19.0%	21.7%	23.1%	25.0%	25.4%	28.3%	35.7%	43.4%	51.1%

(1) in terms of retail sales

Source: the Frost & Sullivan Report

### Features and Trends of Coffee Market in China

**Consumption scenarios.** Freshly brewed coffee offered by coffee shops is typically consumed in two scenarios—(i) in stores or (ii) by pick-up or delivery. While in store consumptions allow customers to socialize or meet, due to the increasing utility driven demand in the fast-paced society, pick-up and delivery of freshly brewed coffee have been gaining momentum. According to the Frost & Sullivan Report, over 70% of unit cup sales in coffee shops in China in 2018 were pick-up or delivery orders.

**Higher consumption in tier I and tier II cities.** Consumption of freshly brewed coffee was higher and is expected to be higher in tier I and tier II cities. According to the Frost & Sullivan Report, the per capita consumption of freshly brewed coffee in tier I and tier II cities was 3.8 cups in 2018, 2.5 times of the overall per capita consumption (1.6 cups per capita) in China. Driven by rising urbanization and the fast-paced nature of the society, we expect that tier I and tier II cities will

continue to drive the freshly brewed coffee consumption in China, with per capita consumption increasing to 11.0 cups in 2023, representing a CAGR of 23.5% from 2018 to 2023.

*Affordability of freshly brewed coffee.* According to the Frost & Sullivan Report, the average per cup price of freshly brewed coffee for the top 5 coffee chains in China as of December 31, 2017 was around RMB30. However, only 26% of respondents of an industry survey conducted by Frost & Sullivan in January 2019 are willing to pay for a cup of freshly brewed coffee at prices over RMB30. High price constrains the growth of the freshly brewed coffee market.

*New retail model.* China has the largest mobile internet user base in the world with 817 million users in 2018, which is expected to further grow to 1,085 million users by 2023. The widespread usage of mobile internet and prevalent adoption of mobile payment have paved way for the development of a technology-driven new retail model in the coffee industry in China, with companies using technology in all aspects of their business operations, from customer acquisition to purchase process to supply chain management, allowing them to achieve higher operational efficiency and lower costs.

*Cross selling opportunities.* The stickiness and high frequency of coffee consumption make coffee shops a natural hub to sell other food and beverage products, among others. For example, freshly made tea drinks, which are drinks combining tea with other ingredients such as milk, fruit, and tapioca pearl, have become very popular in China. According to the Frost & Sullivan Report, freshly made tea drinks had a market size of RMB68.0 billion in 2018. Coffee shops in China with strong customer loyalty are in good position to leverage their customer base and tap into the non-coffee products market, such as freshly made tea drinks market, and capture additional growth.

## BUSINESS

Our mission is to be part of everyone's everyday life, starting with coffee.

### Overview

We are China's second largest and fastest-growing coffee network, in terms of number of stores and cups of coffee sold, according to the Frost & Sullivan Report. We have pioneered a technology-driven new retail model to provide coffee and other products with high quality, high affordability and high convenience to our customers. We believe that our disruptive model has fulfilled the large unmet demand for coffee and driven its mass market consumption in China, while allowing us to achieve significant scale and growth since our inception.

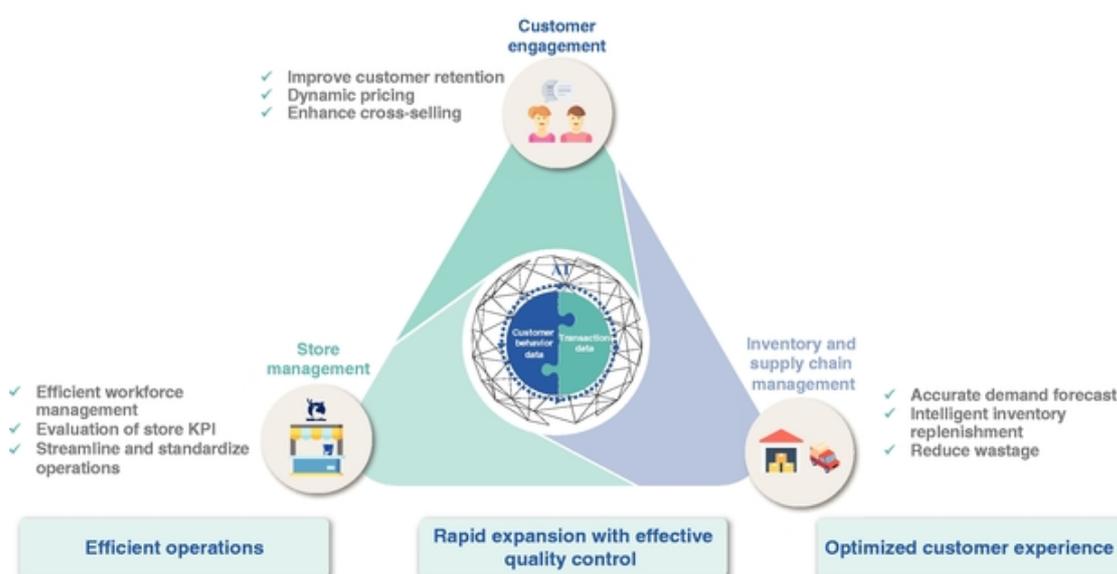
Driven by technology, our new retail model is built upon our mobile apps and store network.

- **Mobile apps:** Our mobile apps cover the entire customer purchase process, offering our customers a 100% cashier-less environment. This enhances our customer experience, improves our operating efficiency, and allows us to stay connected with our customers and engage them anytime, anywhere.
- **Store network:** While operating three types of stores, we strategically focus on pick-up stores, which accounted for 91.3% of our total stores as of March 31, 2019. Our pick-up stores have limited seating and are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. This enables us to stay close to our target customers and expand rapidly with low rental and decoration costs.

By disrupting the status quo of the traditional coffee shop model, we have gained significant cost advantages and provided attractive value propositions to our customers.

Technology is at the core of our business. With our centralized technology system, we are able to simplify and standardize our operations, which allows us to improve operational efficiency and quickly expand and scale up our business. We leverage big data analytics and AI to analyze our customer behavior and transaction data, which enables us to continuously enhance our products and services, implement dynamic pricing and improve customer retention. We also leverage our proprietary technologies in store operations and supply chain to support our business, such as new store selection,

inventory management and workforce management. Our focus on technologies has enabled us to operate efficiently, grow rapidly while maintaining quality control.



We offer premium coffee and other high-quality products to our customers. We source premium Arabica coffee beans from prominent suppliers and engage World Barista Champion teams to design our coffee recipes. We procure coffee machines and coffee condiments from renowned global suppliers such as Schaerer. Our coffee has won numerous awards, including most recently the Gold Medal in the 2018 IIC International Coffee Tasting competition. We also partner with reputable suppliers for our other products such as juices and light meals. Due to our scale, we are able to procure high-quality products from our suppliers at favorable prices.

Since inception, we have successfully built a brand of distinguished value propositions—high quality, high affordability and high convenience. We have also been able to cultivate a large and loyal customer base and achieve strong growth. Within 18 months, we expanded from a single trial store in Beijing to 2,370 stores in 28 cities in China as of March 31, 2019. We had over 16.8 million of cumulative transacting customers as of March 31, 2019. In addition, our customer repurchase rate in 2018 was over 54%.

China's coffee market is highly underpenetrated. Inconsistent qualities, high prices and inconvenience have hampered the growth of the freshly brewed coffee market in China. We believe that our model has successfully driven the mass market coffee consumption in China by addressing these pain points. We aim to become the largest coffee network in China, in terms of number of stores, by the end of 2019.

## Our Strengths

### *Leading and Fastest Growing Player Driving Coffee Consumption in China*

We are China's second largest and fastest-growing coffee network, in terms of number of stores and cups of coffee sold, according to the Frost & Sullivan Report. We started our business in October 2017 and within 18 months, we expanded from a single trial store in Beijing to 2,370 stores in 28 cities in China as of March 31, 2019. In 2018, we sold close to 90 million coffee and other high quality product items. Since inception, we have successfully built a brand of distinguished value propositions—high quality, high affordability and high convenience. Our Luckin brand is one of the most recognized coffee brands in China, according to the Frost & Sullivan Report.

China coffee industry is in its early stage and has huge growth opportunities. According to the Frost & Sullivan Report, the average coffee consumption per capita in China was only 6.2 cups in 2018, compared to 867.4 cups in Germany, 388.3 cups in the United States, 279.0 cups in Japan, 249.5 cups in Hong Kong and 209.4 cups in Taiwan. According to the Frost & Sullivan Report, the average coffee consumption per capita in China is expected to grow from 6.2 cups in 2018 to 10.8 cups in 2023, and the market size of China's freshly brewed coffee is expected to grow from RMB39.0 billion in 2018 to RMB157.9 billion in 2023, representing a CAGR of 32.3%.

Inconsistent qualities, high prices and inconvenience are three key pain points hampering the growth of China's freshly brewed coffee market. We offer consumers coffee products with high quality, high affordability and high convenience to address these pain points. As we attract new coffee consumers and encourage existing consumers to consume more coffee, we contribute to the growth of China's coffee industry. According to the Frost & Sullivan Customer Survey, 82.4% of the participants indicated that they started to drink coffee more frequently since they became a customer of Luckin. We believe we are well-positioned to capture the future growth of China's coffee industry.

### ***Pioneer of Disruptive New Retail Model***

Driven by technology, our new retail model is built upon our mobile apps and store network.

**Mobile apps:** Our mobile apps cover the entire customer purchase process, offering our customers a 100% cashier-less environment. This enhances our customer experience, improves our operating efficiency, and allows us to stay connected with our customers and engage them anytime, anywhere.

**Store network:** While operating three types of stores, we strategically focus on pick-up stores, which accounted for 91.3% of our total stores as of March 31, 2019. Our pick-up stores have limited seating and are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. This enables us to stay close to our target customers and expand rapidly with low rental and decoration costs.

Our new retail model disrupts the status quo of the traditional coffee shop model, gives us significant cost advantages and enables us to provide attractive value propositions to our customers.

### ***Strong Technology Capabilities***

Technology is at the core of our business. With our centralized technology system, we are able to simplify and standardize our operations, which allows us to improve operational efficiency and quickly expand and scale up our business. Our technology covers every aspect of our business, from customer engagement, storefront operations to supply chain management, and enables us to leverage big data analytics and AI to analyze huge volume of data generated from our operations. Our focus on technologies has enabled us to improve our customer experience, operate efficiently, grow rapidly while maintaining quality control.

We apply big data analytics to engage our customers, enhance our products and services and tailor our sales and marketing efforts towards each customer. We analyze massive volume of customer behavior and transaction data to improve customer retention and increase lifetime value. We also leverage our strong technology capabilities to streamline our storefront operations and optimize workforce management. Our smart scheduling system automatically schedules staff shifts and order assignments. We also have an automated in-store inventory management system that enables us to intelligently forecast demand, manage inventory, automatically place orders directly with suppliers, timely stock up our stores and limit overall wastage.

## ***Superior Customer Propositions: High Quality, High Affordability and High Convenience***

We are dedicated to serving our customers. We have pioneered a technology-driven new retail model to provide coffee and other products with high quality, high affordability and high convenience to our customers.

**High Quality.** Our commitment to quality is uncompromising. We source premium Arabica coffee beans from prominent suppliers and engage World Barista Champion teams to design our coffee recipes. We procure coffee machines and coffee condiments from renowned global suppliers such as Schaerer. Our coffee have won numerous awards, including most recently the Gold Medal in the 2018 IICAC International Coffee Tasting competition. For all of our other products such as juices and light meals, we also partner with reputable suppliers. We also implement stringent quality control procedures and processes across our supply chain, from procurement to inventory and logistics, as well as in our day-to-day store operations. To increase transparency and build customer trust, we have installed cameras at each store so that customers can watch the coffee-making process in real-time through our mobile apps.

**High Affordability.** According to an industry survey conducted by Frost & Sullivan in January 2019, only 26.0% of the respondents are willing to pay for a cup of freshly brewed coffee at prices over RMB30. We are able to offer affordable freshly brewed coffee and other high-quality products because we have achieved sustainable cost advantages. Our technology-driven new retail model allows us to significantly lower our operating costs. In addition, due to our scale, we are able to procure high-quality products from our suppliers at favorable prices. As a result, we can pass a portion of the cost savings to our customers.

**High Convenience.** Our mobile apps and expansive store network make our coffee and other high-quality products accessible to consumers. Our customers can easily pick up coffee or other high-quality products from our extensive store network. Our customers can use our mobile apps to easily locate nearby stores, place orders in advance without queuing, make payment and receive real-time order update status. We guarantee 30-minute delivery for our delivery orders. In March 2019, approximately 99.7% of our delivery orders were delivered on time.

According to the Frost & Sullivan Customer Survey, we ranked higher than other premium freshly brewed coffee brands in terms of affordability, proximity to customers and convenience, mobile app experience and overall customer experience.

## **Our Strategies**

### ***Serve More People More Frequently***

China's coffee market is highly underpenetrated. We will continue to target mass market through multi-channel branding and marketing campaigns to attract more new customers.

We plan to increase customer purchase frequency. We will continue to analyze customer behavior and transaction data to more accurately identify their needs and tailor our sales and marketing efforts towards each customer. By matching customers' needs with our high-quality and affordable product offerings, we expect to improve customer retention.

### ***Expand Our Store Network***

We will continue to expand our store network to new regions and cities in China. We will also increase the density of our store network in areas with high demand for coffee in our existing markets. The expansion of our store network will enable us to serve more customers and get closer to our customers.

## Introduce New Product Offerings

We plan to enrich our product offerings and capture more cross-selling opportunities by introducing selective new products that are complementary to our existing offerings and fulfill our target customers' daily needs. We believe that diversifying our product offerings will increase customer purchase frequency and increase our revenue.

## Continue to Invest in Technology

We will continue to invest in technology. We will focus on improving our technology infrastructure, promoting our system security and applying new technologies, which will further support our rapid expansion, improve our operational efficiency, and ensure quality control.

## Our Mobile Apps

Our mobile apps offer customers a 100% cashier-less environment, enabling them to purchase coffee and other product items at their fingertips. As of March 31, 2019, we had over 16.8 million cumulative transacting customers. In 2018, 91.3% of new customers were acquired and 95.6% of the orders were made through Luckin mobile app, which were further supplemented by our Weixin mini-program and other third-party platform.

Our mobile apps cover the entire customer purchase process with user-friendly interfaces. Through our mobile apps, our customers can easily choose the nearest store automatically recommended and view other store options, place orders in advance without queuing, make payment, watch live streams of the coffee-making process and receive real-time order status updates.



We offer an array of product selections, including coffee, non-coffee drinks, snacks, light meals and other products. Leveraging our big data analytics and AI capabilities, our mobile apps automatically customize the menu for our customers based on their purchase history and preferences, displaying the products they frequently purchase at the top of their menu and provide suggestions for other items. Once a customer adds his or her preference settings for a drink to favorites, our mobile apps also display their preference settings for the same drink the next time he or she places an order.

All our stores offer pick-up and/or delivery options. When placing orders, customers can choose between these two options and our mobile apps will give our customers estimated time for pick-ups or deliveries. Customers placing pick-up orders may specify the stores where they plan to pick up or dine-in. Delivery orders are assigned to the most suitable stores based on a number of factors such as the stores' distance to the customers, order processing capacity and inventory.

Our mobile apps offer multiple payment options to our customers. We accept payment through major third-party payment service providers in China, namely Weixin Pay, Alipay and UnionPay. Customers may also purchase our drinks using the vouchers stored in the "Coffee Wallet" of our Luckin mobile app.

Leveraging our big data analytics and AI capabilities, we have adopted a dynamic pricing model where we use algorithms to adjust and apply different discounts to our customers with different consumption preferences in the form of coupons and discount vouchers, taking into account a number of factors, including costs of materials and customer demand. Specifically, we analyze customer behavior and transaction data to more accurately identify their needs and tailor our sales and marketing efforts towards each customer.

To provide our customers with real-time updates on their orders, we have specially designed a live-streaming feature in our mobile apps to give our customers the option to watch the entire coffee-making process after placing their orders. This feature helps us build trust among our customers and also offers them a novel customer experience.

We notify customers via short messaging service, Weixin message and in-app notifications. This way, our customers can pick up their orders without queuing up at the stores. For delivery orders, we partner with our delivery service providers and provide real-time location, delivery rider contact details and estimated arrival time on our mobile apps. See "—Customer Services."

Furthermore, we have additional features on our mobile apps for corporate account customers. Our corporate clients may grant authorization to their employees so that their employees can place orders via the corporate account and enjoy corporate prices.

## **Our Store Network**

### ***Our Store Portfolio***

We are China's second largest and fastest-growing coffee network, in terms of number of stores as of December 31, 2018, according to the Frost & Sullivan Report. All of our stores are self-owned and located in the economically vibrant regions in China. We operate three types of stores, namely pick-up stores, relax stores and delivery kitchens, for different purposes. We strategically focus on pick-up stores, which are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. This enables us to stay close to our target customers and expand rapidly with low rental and decoration costs.

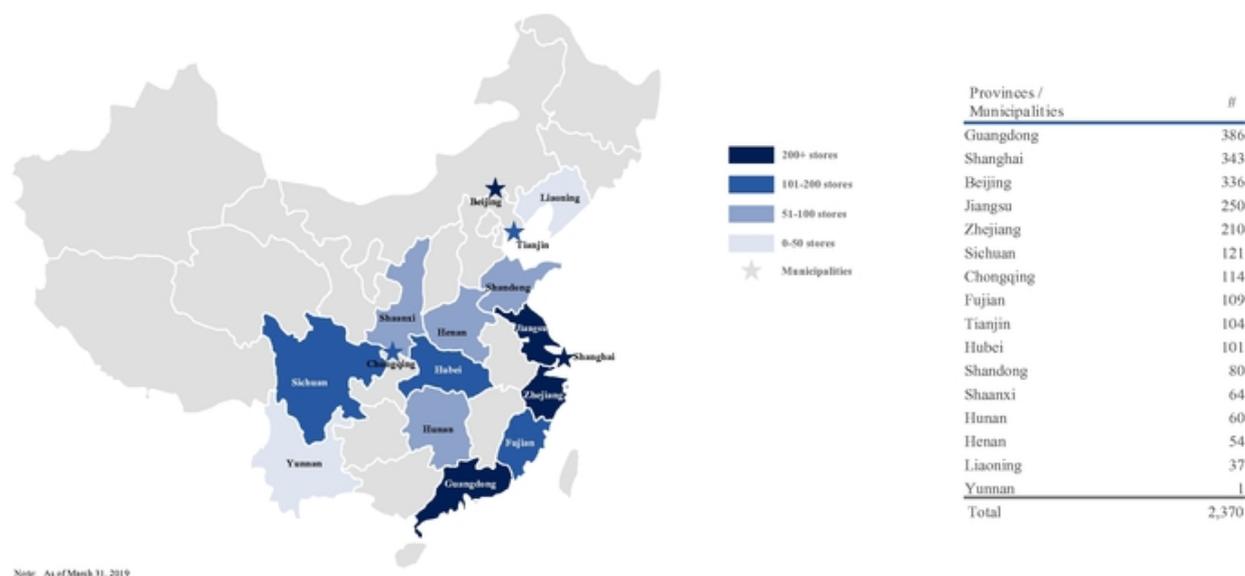
We opened our first trial store in October 2017, and have rapidly expanded our store network. As of March 31, 2019, we had 2,370 stores in operation across 28 cities, including 2,163 pick-up stores, 109

relax stores and 98 delivery kitchens. The table below sets forth a breakdown of our stores by store formats as of each quarter-end since the commencement of our operation in October 2017.

	As of											
	December 31, 2017		March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
	# of stores	% of total stores	# of stores	% of total stores	# of stores	% of total stores	# of stores	% of total stores	# of stores	% of total stores	# of stores	% of total stores
Pick-up stores	4	44.4%	83	28.6%	356	57.1%	903	75.9%	1,811	87.4%	2,163	91.3%
Relax stores	5	55.6%	15	5.2%	22	3.5%	45	3.8%	86	4.1%	109	4.6%
Delivery kitchens	—	—	192	66.2%	246	39.4%	241	20.3%	176	8.5%	98	4.1%
<b>Total</b>	<b>9</b>	<b>100.0%</b>	<b>290</b>	<b>100.0%</b>	<b>624</b>	<b>100.0%</b>	<b>1,189</b>	<b>100.0%</b>	<b>2,073</b>	<b>100.0%</b>	<b>2,370</b>	<b>100.0%</b>

Our store network covered 28 cities across 16 provinces and municipalities, the majority of which are tier I and tier II cities. The following map illustrates our store network as of March 31, 2019.

**Our network**



**Pick-up Stores**

We strategically focus on pick-up stores, which accounted for 91.3% of our stores as of March 31, 2019. Pick-up stores are small-sized stores where our customers can pick up their orders or have their orders delivered to them. We leverage delivery services to achieve greater geographic coverage and serve more customers when we expand into new areas and cities. As our pick-up store network density increases, it becomes more convenient for customers to pick up orders from nearby stores and hence the demand for delivery typically decreases. Our delivery orders as a percentage of total orders was 61.7% in the first quarter of 2018 and 62.2% in the second quarter of 2018, which decreased to 51.4% in the third quarter of 2018 and 40.8% in the fourth quarter of 2018 and further to 27.7% in the first quarter of 2019.

Our pick-up stores are typically located in areas with high demand for coffee, such as office buildings, commercial areas and university campuses. These stores generally range from 20 to 60 square meters in size and have limited seating. Such store set-up allows us to get closer to our customers and expand rapidly by virtue of the low rental and decoration costs. Most of our pick-up stores are located within 500 meters of populated areas, according to the Frost & Sullivan Report. We expect to further increase the density of our pick-up store network.



### ***Relax Stores***

We open relax stores for branding purpose. Our relax stores accounted for 4.6% of our stores as of March 31, 2019. Relax stores are generally spacious and larger than 120 square meters in size.



### ***Delivery Kitchens***

We have opened delivery kitchens in order to achieve broader customer coverage. We sometimes expand into a new city or area initially in the form of delivery kitchens as they can be set up quickly with low costs. Since our delivery kitchens only serve delivery orders, we effectively reduce rental and decoration expenses. Once we have identified sufficient market demand and suitable sites for pickup stores, we might close down the delivery kitchens and open pick-up stores to better serve the demands of our customers. As of March 31, 2019, delivery kitchens accounted for 4.1% of our stores.



### *Licenses and Compliance*

We have standard internal protocols in place guiding city branches and strategic expansion team in obtaining necessary licenses and permits before opening our stores, including but not limited to business licenses, food safety licenses and environmental impact assessment filings. However, given local PRC administrative authorities vary in interpreting, implementing and enforcing relevant laws and regulations, we might not be able to obtain all applicable licenses and permits in a timely manner. See "Risk Factors—Risks Relating to Our Business and Industry—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations." Nevertheless, our management is of the view and our PRC legal counsel concurs that the risk of material loss arising from the lack of timely obtaining licenses and permits is remote.

### *Store Renovation and Other Preopening Preparation*

We have an in-house renovation team responsible for the renovation and decoration of our stores. To maintain our consistent brand image and store quality, our headquarters prepare the design of all stores. We adopt standardized design for our pick-up stores and delivery kitchens, and such standardization allows us to carry out renovation procedures effectively, and recycle furnishing materials efficiently. In 2018, the average renovation and decoration expenses per our store was around RMB189,000.

As part of the preopening preparation, we install machines, equipment and procure raw materials as well as other materials and consumables. Typically, each of our stores is equipped with two to three coffee machines and other equipment, such as ice machine and freezer. In 2018, the average expenses for the procurement of coffee machines per our store was around RMB116,000. For more information on procurement, see "—Procurement."

### **Our Product Offerings**

We offer a wide variety of high-quality food and beverage items, mainly freshly brewed coffee and non-coffee drinks, that have strong demand and can be produced in bulk with standardized process and consistent quality. We offer both hot and iced freshly brewed coffee such as Americano, Latte, Cappuccino, Macchiato, Flat White and Mocha, and from time to time also offer specialty coffee based on market and seasonal trends. Our coffee recipes are tailored to Chinese customers' palette based on results of extensive study and research.

We also work with reputable suppliers to offer pre-made beverages, such as juices, and pre-made food items, such as pastries, sandwiches, snacks and lunch sets.

We are committed to maintaining and improving product quality. We source premium Arabica coffee beans from prominent suppliers and engage World Barista Champion teams to design our coffee recipes. We procure coffee machines and coffee condiments from renowned global suppliers such as Schaerer. Our coffee has won numerous awards, including most recently the Gold Medal in the 2018 IIAC International Coffee Tasting competition. We also partner with reputable suppliers for our other products such as juices and light meals. See "—Procurement."

### **Delivery Services**

We fulfill customer orders with speedy delivery so that they can enjoy our coffee and other products on time. We currently charge customers RMB6 for each delivery order while offering them free delivery services if the total order value (based on item listed price) meets the free delivery threshold. In January 2019, we increased our free delivery threshold from RMB35 to RMB55 to encourage customers to pick up orders themselves. With the increased density of our pick-up stores, the demand for delivery typically decreases. We have outsourced delivery services mainly to S.F.

Express, China's leading delivery services company, and various selected local delivery companies, and have integrated our back-end system with those of our delivery service providers. This way, we are able to improve order-rider matching based on our store location, customer locations and real-time locations of delivery riders, and monitor and track the delivery process. We guarantee 30-minute delivery and immediately reimburse customers for any delivery delays or spillage. In March 2019, approximately 99.7% of our orders were delivered on time.

### **Customer Services**

Leveraging our new retail model and strong technology capabilities, we stay connected with our customers and engage them anytime, anywhere. We also offer our customers a 100% cashier-less environment, limit their queuing time, and enable them to purchase coffee and other product items at their fingertips. See "—Our Mobile Apps" and "—Our Store Network."

Our mobile apps enable us to track each order placed with us. We evaluate and track our customers' feedbacks 24/7 through our mobile apps, Weixin official account and other social media channels. Our customers can ask questions, provide reviews and file complaints through our mobile apps or Weixin official account or call our service representatives. We leverage self-service tools and AI-powered automated customer service chatbots to answer frequently asked questions from our customers efficiently, and also engage a dedicated customer service team to address more complicated issues.

We value our customers' opinion and encourage our customers to give reviews. We regularly analyze our customer feedback, through which we identify causes of customer dissatisfaction and improve our products and services accordingly. To motivate and maintain high-quality customer services at storefronts, we consider customer feedback a key performance indicator when evaluating individual store performance.

### **Branding, Marketing and Sales**

Since inception, we have successfully built a brand of distinguished value propositions—high quality, high affordability and high convenience. Our branding, marketing and sales efforts are driven by our strong technology capabilities. Our superior brand and distinguished value propositions allow us to expand our business through word-of-mouth.

We have adopted a multi-channel branding and advertising approach through expansion of our relax stores, engaging brand ambassadors such as famous Chinese actress Wei Tang, actor Zhen Zhang and world-renowned baristas, collaborating with popular culture icons, sponsoring events and movies, and initiating viral and interactive marketing and advertising.

We leverage our existing customer base and their social networks to promote our products. We encourage existing customers to invite their friends to register with us by offering free coffee to both existing customers and new customers. Furthermore, through the "Send Coffee" feature in our mobile apps, existing customers can share or give their vouchers to their friends and families as red packets with personalized blessing messages.

We also leverage big data analytics and strategically place Weixin ads offering coupons and vouchers to attract customers. With the latest location based service ads feature, we are able to geo-target our customers. For instance, we place Weixin Moments ads, in which we provide our potential customers with the information of nearby new store openings, upcoming sales events and seasonal offerings. In addition, people who use Weixin Pay near our stores may receive our coupons in the form of banner ads. Those who click on these ads will be directed to our Weixin mini-program where they can easily place orders with us.

We frequently launch sales events, especially during holiday seasons, and offer discounts when we introduce new products. To retain customers and encourage repurchases, we give our customers tailored coupons from time to time primarily based on their previous purchases, and reward customers for topping up their Coffee Wallet account balances with vouchers.

We offer special discounts to corporate clients and their employees to purchase our products. We have also opened our application programming interface to corporations with membership programs, where the corporations pay for our products in bulk in advance, and their members can then redeem these products.

## **Procurement**

We source a variety of high-quality raw materials, including coffee beans and coffee condiments, as well as pre-made food and beverage items, from selected suppliers. We also purchase different machines, such as coffee machines and ice machines, packaging materials and other consumables in bulk from our suppliers. Due to our significant scale, we are able to procure high-quality products from our suppliers at favorable prices. We maintain good relationships with our suppliers, and as of the date of this prospectus, we have not experienced any material disputes and supply shortage with our suppliers.

We have a dedicated procurement team responsible for the procurement of raw materials, machines and equipment, packaging materials and consumables based on inventory availability, number of stores and marketing events, and leverages the inventory analysis of our smart supply chain management system to decide order placement. We have designed stringent quality control standards and enforced comprehensive quality control measures covering supplier selection, quality inspection and testing.

## **Coffee Beans**

### ***Suppliers***

We source premium Arabica coffee beans from renowned plantations in Guatemala, Brazil, Ethiopia and Colombia. We mainly procure roasted coffee beans from an affiliate of Yeuan Yeou Enterprise Co., Ltd., a well-known roasting company in Taiwan. We have recently also commenced cooperation with UCC Ueshima Coffee Co., Ltd., one of the largest roasting companies in Asia. To solidify our control over the process of sourcing and roasting coffee beans, we incorporated a joint venture in May 2018 with one of our roasted coffee bean suppliers, and as of the date of the prospectus, the joint venture has not commenced operation. In addition, in April 2019, we and Louis Dreyfus Company Asia Pte. Ltd., an affiliate of our concurrent private placement investor, Louis Dreyfus Company B.V., a leading merchant and processor of agricultural goods, agreed that two parties intend to incorporate a joint venture for constructing and operating a coffee roasting plant in China.

### ***Quality Control***

We set detailed specifications for the raw coffee beans procured by our roasted coffee bean suppliers, including size, taste and moisture based on their origin and grades. Together with our roasted coffee bean suppliers, we screen for defected beans in each batch of raw coffee beans through sampling to ensure that they meet our specifications before admitting them to roasting.

We set the quality control standards for the testing process of roasted coffee beans. We work with our coffee bean suppliers and a third party inspection agency in conducting various testings on roasted coffee beans. Our roasted coffee bean suppliers conduct the first round of physical and chemical properties testing on the roasted coffee beans, and deliver the batches that passed the test to us. Upon receipt, we conduct another round of similar testing together with a third-party inspection agency, and return any batch with high defect rate.

## **Coffee Condiments**

### **Suppliers**

Coffee condiments, mainly dairy products and syrup, are crucial to the overall quality of our coffee. We source our dairy products, mainly milk and cream, from leading suppliers to ensure their freshness and syrup mainly from distributors of imported syrup.

### **Quality Control**

Similar to coffee beans, we have in place stringent quality control measures regarding coffee condiments. For example, we work with our dairy suppliers in conducting various testings on dairy products.

## **Pre-Made Food and Beverage Items**

### **Suppliers**

We purchase high-quality pre-made food and beverage items, including juices, water, pastries, wraps and lunch sets, from a few selected national, regional and local sources. We are actively seeking additional suppliers to increase our product offerings.

### **Quality Control**

We require our suppliers to supply products according to agreed-upon specifications, including weight and packaging requirements for standardized products and weight of each ingredient, plate presentation and production procedures for customized products, and are entitled to return any products which fail to meet such standards.

## **Machines and Equipment**

### **Suppliers**

We use premium coffee machines and other machines and equipment from renowned global suppliers, such as Schaerer. We primarily procure coffee machines directly from manufacturers and rely on a combination of manufactures and distributors for other machines and equipment.

### **Quality control**

Our coffee machines and other machines generally come with one to two years' warranty, during which period the manufacturers will provide training on installation and maintenance of the machines and also provide free repair and maintenance services. We have also assembled an engineering team which is in charge of daily repair and maintenance of machines. We have a centralized monitoring system that automatically monitors the performance of our coffee machines and promptly reports any repair and maintenance requests. We are in the process of integrating all our coffee machines into our centralized monitoring system.

## **Packaging Materials and Other Consumables**

### **Suppliers**

In addition to food and beverage items, we procure a broad range of paper and plastic products, such as cups, straws and cutlery, from a number of suppliers.

### **Quality control**

We inspect the categories, specifications and qualities of our packaging materials and other consumables supplies against our standards set out in the respective supply agreements.

## **Warehouse and Fulfillment**

We do not own any warehouses, and currently cooperate with three third-party warehouse and fulfillment service providers, such as HAVI, DHL and CJ Rokin, for our inventory storage, fulfillments between warehouses, and fulfillments from warehouses to our stores. Our warehouse and fulfillment service providers are responsible for the management of our inventory stored at their warehouses, in collaboration with our employees we assign to these warehouses. As of March 31, 2019, we leased 20 warehouses across China.

We maintain an intelligent warehouse management system and order management system that are integrated with the systems of our warehouse and fulfillment service providers. Our systems enable real-time analysis of sales status at each store and automated order placement with our leased warehouses for replenishment purpose. We are also able to track inventory level at each leased warehouse in real-time, and monitor and administer warehouse operations from the moment goods enter the warehouses until they are dispatched and delivered to our stores.

## **Quality Control**

We pay close attention to quality control, monitoring each step in the food and beverage preparation process from procurement to production and from warehousing to delivery.

**Suppliers.** We carefully select our suppliers through a stringent selection process, and assess the performance of our suppliers on a regular basis. During the supplier selection process, we review their qualifications and conduct site visits. Once the suppliers are on board, we monitor their daily operations and conduct regular evaluations. In our agreements with suppliers, we have in place anti-kickback policies to ensure the integrity of our quality control and procurement system.

**Inventories.** We assign a number of our staff to each leased warehouse, who monitor the operation of the leased warehouses to make sure that inventories are well categorized and properly stored, that our suppliers and warehouse and fulfillment service providers are following our quality control protocols, and that any defective goods are immediately disposed.

**Stores.** We have established an efficient reporting structure and mechanism for monitoring the daily operations of our stores. We are determined to maintain high level and consistent service quality across all of our stores. We have detailed employee code of conducts, including specific requirements on the usage and storage of raw materials and other food and beverage items, equipment handling, store environment and delivery service management. We regularly evaluate the performance of our store managers and employees, the results of which are linked to their performance-based salary and promotion opportunities.

We also frequently conduct environmental microbiological testing at our stores to ensure a hygienic coffee-making environment, and initiate proposals from time to time to improve our store operations and enhance customer experience.

## **Technology**

Technology is at the core of our business. Our technology covers every aspect of our business, from customer engagement, storefront operations to supply chain management. We leverage our big data analytics and AI to analyze huge volume of data generated from our operations and continuously improve our systems. Our focus on technologies has enabled us to optimize customer experience operate efficiently, grow rapidly while maintaining quality control.

We apply big data analytics to engage our customers. As we learn our customers' preferences, we are able to recommend products to them with more precision and personalize their menus for easy ordering. Moreover, as we gather more customer behavior data, we can implement dynamic pricing to retain customers and increase repurchases by offering customized discounts.

We leverage our strong technology capabilities to streamline our storefront operations and optimize workforce management. Our smart scheduling system automatically schedules staff shifts and order assignments. We also have an automated in-store inventory management system that connects our stores with our warehouses, which analyzes sales, supply and inventory status for each store in real-time, and enables us to timely and sufficiently stock up our stores and limit overall wastage.

Our smart supply chain management system integrates intelligent warehousing management and order management functions, enables us to accurately predict demand and manage our inventory. Supported by our strong data analytics capabilities and smart supply chain management system, we are able to intelligently forecast demand, analyze inventory and place orders directly with suppliers, which allows us to further reduce our procurement costs and improve operational efficiency.

### **Intellectual Property**

We develop and protect our intellectual property portfolio by registering our trademarks, copyrights and domain names. As of the date of this prospectus, we own 101 registered trademarks with the Trademark Office of the PRC State Administration for Industry & Commerce, two copyrights with the PRC State Copyright Bureau, and two domain names with Ministry of Industry and Information Technology.

In addition, we entered into standard employee confidentiality agreement with our technology development employees, which provides that the employees own confidentiality obligations in relation to our trade and technology secrets and we own intellectual property rights developed in-house.

### **User Privacy and Data Security**

Various laws and regulations, such as the Cyber Security Law of the PRC, govern the collection, use, retention, sharing, and security of the personal data we receive from and about our users. Privacy groups and government bodies have increasingly scrutinized the ways in which companies link personal identities and data associated with particular users with data collected through the internet, and we expect such scrutiny to continue to increase. We have adopted policies, procedures and guidelines to comply with these laws and regulations and protect the personal privacy of our customers and the security of their data. Our board of directors has general oversight power over cybersecurity issues and delegates the daily supervision responsibility to our chief executive officer, Ms. Qian. The head of our IT department directly reports cybersecurity status to Ms. Qian, and in case of a cybersecurity incident, Ms. Qian will report the incident to our board of directors to take appropriate and timely measures in response to the incident. See "Risk Factors—Risks Relating to Our Business and Industry—Our business generates and processes a large amount of data, which subjects us to governmental regulations and other legal obligations related to privacy, information security and data protection. Any improper use or disclosure of such data by us, our employees or our business partners could subject us to significant reputational, financial, legal and operational consequences."

### **Property**

Our principal executive office is located in Xiamen, China with an aggregate area of approximately 8,723.2 square meters.

We lease all of our store premises and office space. For more information on our stores, see "—Our Store Network."

## Employees

We endeavor to cultivate employees with talent, passion, and strong learning abilities.

We had 512 full-time employees and nil part-time employee as of December 31, 2017, 9,240 full-time employees and 12,667 part-time employees as of December 31, 2018 and 8,485 full-time employees and 8,160 part-time employees as of March 31, 2019, all of whom were based in China. As of March 31, 2019, our employees consisted of 14,713 store operation employees, 630 store development employees, 811 technology development employees, 436 general and administration employees and 59 sales and marketing employees.

We formulate our recruitment plan considering our expansion plan and the human resources needs for existing stores and stores in pipeline. Our full-time employees go through a thorough recruitment and assessment process with HR and operations manager while our part-time employees are usually interviewed by store managers of the respective stores.

We provide our employees with comprehensive trainings. We train our employees vigorously mainly through our Luckin University, offering them both self-developed programs and external courses. We provide both online and offline training for our storefront staffs to sharpen their skills.

We enter into standard employment contracts with our full-time employees. In addition to salaries and benefits, we provide performance-based bonuses for our full-time employees and commission-based compensation for our sales and marketing teams. Under PRC law, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees, including pension, medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and housing insurance. We enter into part-time employment contracts with our part-time employees and we pay salaries based on the time the part-time employees work per day. We are required under PRC law to make contributions to employee benefit plans for our PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China and we also are required to make contributions to the work-related injury insurance for the part-time employees. For risk in relation to our contribution for employee social security plans, see "Risk Factors—Risks Relating to Doing Business in China—We may be subject to additional contributions of social insurance and housing fund and late payments and fines imposed by relevant governmental authorities.

As of March 31, 2019, we also engaged a small number of dispatched workers from independent third-party employment agencies to support storefront-related work.

We maintain a good working relationship with our employees, and as of the date of this prospectus, we have not experienced any material labor disputes in the past. None of our employees are represented by labor unions.

## Competition

We face intense competition in China's coffee industry. Our current or potential competitors are mainly coffee shop operators.

We believe that the principal competitive factors in China coffee industry include the following:

- Store network;
- Product quality and safety;
- Product pricing;
- Supply chain management and operating efficiency;
- Quality of customer services;

- Brand recognition and reputation;
- Effectiveness of sales and marketing; and
- Customer experience

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, our competitors may have longer operating history, greater brand recognition, more capital, better supplier relationships and larger customer base. For discussion of risks relating to our competitor, see "Risk Factors—Risks Relating to Our Business and Industry—We face intense competition in China's coffee industry and our products are not proprietary. If we fail to compete effectively, we may lose market share and customers, and our business, financial condition and results of operations may be materially and adversely affected."

### **Compliance, Licenses and Permits**

For compliance requirements related to our business, including applicable licenses and permits, see "Regulation." For risks in relation to deficiencies of applicable license and permits, see "Risk Factors—Risks Relating to Our Business and Industry—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations."

### **Legal Proceedings**

From time to time, we are subject to legal proceedings and claims arising in the ordinary course of our business. As of the date of this prospectus, we were not involved in any litigation, arbitration or administrative proceedings pending or, to our knowledge, threatened against us that could have a material and adverse effect on our business, financial condition or results of operations.

### **Insurance**

We provide social security insurance including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits for our employees. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain product liability insurance or key-man life insurance.

## REGULATION

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

### **Regulations on Food Safety and Licensing Requirement for Customer Food Services**

#### ***Food Safety Law***

In accordance with the *Food Safety Law* of the PRC, or the Food Safety Law, as effective on June 1, 2009 and most recently amended on December 29, 2018, the State Council implements a licensing system for the food production and trading. A person who engages in food production, food selling or catering services shall obtain the license in accordance with the Food Safety Law.

According to the *Food Safety Law*, the State Council shall establish a food safety committee whose duties shall be defined by the State Council. The food safety supervision and administration department under the State Council shall exercise supervision and administration over food production and trading activities according to the duties defined by the Law and the State Council. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety according to the duties defined by the Food Safety Law, and shall formulate and issue national food safety standards together with the food safety supervision and administration department under the State Council. Other relevant departments under the State Council shall carry out relevant food safety work according to the duties defined by the Food Safety Law.

The *Food Safety Law* sets out, as penalties for violation, various legal liabilities in the form of warnings, orders to rectify, confiscations of illegal gains, confiscations of utensils, equipment, raw materials and other articles used for illegal production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment.

The *Implementation Rules of the Food Safety Law*, as effective on July 20, 2009 and amended on February 6, 2016, further specify the detailed measures to be taken and conformed to by food producers and business operators in order to ensure food safety as well as the penalties that shall be imposed should these required measures not be implemented.

#### ***Food Operation Licensing***

On August 31, 2015, China Food and Drug Administration promulgated the *Administrative Measures for Food Operation Licensing*, which was amended on November 17, 2017. According to the *Administrative Measures for Food Operation Licensing*, a food operation license shall be obtained in accordance with the law to engage in food selling and catering services within China. The principle of one license for one site shall apply to the licensing for food operation, that is, a food operator shall obtain a food operation license to engage in food operation activities in one operation site. Food and drug administrative authorities shall implement classified licensing for food operation according to food operators' types of operation and the degree of risk of their operation projects.

The issuance date of a food operation license is the date when the decision on granting the license is made, and the license is valid for five years. Food operators shall hang or place their food operation license originals in prominent places of their operation sites. Where the licensing items which are indicated on a food operation license change, the food operator shall, within ten business days after the changes take place, apply to the food and drug administrative authority which originally issued the license for alteration of the operation license. Those who fail to obtain a food operation license and engage in food operation activities shall be punished by the local food and drug administrative authorities at or above the county level according to Article 122 of the Food Safety Law that the

authorities shall confiscate their illegal income, the food or food additives illegally produced or dealt in, and the tools, equipment, raw materials, and other items used for illegal production or operation; and impose a fine of not less than RMB50,000 but not more than RMB100,000 on them if the goods value of the food or food additives illegally produced or dealt in is less than RMB10,000 or a fine of not less than 10 times but not more than 20 times the goods value if the goods value is RMB10,000 or more.

### **Online Catering Services**

In accordance with *Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services*, as effective on January 1, 2018, Online catering service providers shall have their own physical stores and have obtained the food operation licenses according to the law, and shall carry out business activities pursuant to the business forms and business items specified on their own food operation licenses, and they shall not do business beyond the business scope. The provider of a third-party online catering service platform shall, within 30 business days upon approval by the competent communications department, undergo the recordation formalities with the provincial food and drug supervision and administration department at the place where it is located. A catering service provider with a self-built website shall, within 30 business days after undergoing the recordation formalities with the competent communications department, undergo the recordation formalities with the food and drug administrative authority at the county level at the place where it is located. The headquarter of a catering service chain company which provides online trading service for its stores by its website shall be governed by reference to the requirements on providers of third-party online catering service platforms.

### **Regulations on Single-Purpose Commercial Prepaid Cards**

The *Administrative Measures for Single-Purpose Commercial Prepaid Cards (for Trial Implementation)* was issued on September 21, 2012, and amended on August 18, 2016. The law applies to business in the retail industry, accommodation and catering industry, and resident service industry that conduct single-purpose commercial prepaid card business within China. A card issuer shall undergo filing formalities within 30 days from the day it conducts single-purpose card business. Where a card issuer violates the above requirement, the local commerce department at or above the county level at the place where the violation occurs shall order the enterprise to make corrections within a prescribed time limit; and if the card issuer fails to do so within the time limit, it shall be imposed upon a fine of more than RMB10,000 but less than RMB30,000.

### **Regulations on Environmental Protection**

#### ***Environmental Protection Law***

The *Environmental Protection Law* of the PRC, or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently amended on April 24, 2014. This Environmental Protection Law has been formulated for the purpose of protecting and improving both the living environment and the ecological environment, preventing and controlling pollution, other public hazards and safeguarding people's health.

According to the provisions of the *Environmental Protection Law*, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts take charge of administering and supervising said environmental protection matters. Pursuant to the *Environmental Protection Law*, the environmental impact statement on any construction project must assess the pollution that the project is likely to produce and its impact on the environment, and stipulate preventive and curative measures; the statement shall be submitted to the competent administrative department of environmental protection for approval. Installations for the prevention

and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project.

Permission to commence production at or utilize any construction project shall not be granted until its installations for the prevention and control of pollution have been examined and confirmed to meet applicable standards by the appropriate administrative department of environmental protection that examined and approved the environmental impact statement. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorization. Where it is absolutely necessary to dismantle any such installation or leave it idle, prior approval shall be obtained from the competent local administrative department of environmental protection.

The *Environmental Protection Law* makes it clear that the legal liabilities of any violation of said law include warning, fine, rectification within a time limit, compulsory cease operation, compulsory reinstallation of dismantled installations of the prevention and control of pollution or compulsory reinstallation of those left idle, compulsory shutout or closedown, or even criminal punishment.

### **Law on Environment Impact Assessment**

Pursuant to the *Law of the People's Republic of China on Environment Impact Assessment*, which was issued on October 28, 2002 and most recently amended on December 29, 2018, the State implements a classification-based management on the environmental impact assessment, or EIA, of construction projects according to the impact of the construction projects on the environment. Construction units shall prepare Environmental Impact Report, or EIR, or Environmental Impact Statement, or EIS, or fill out the Environmental Impact Registration Form, or EIRF, (hereinafter collectively referred to as the "**EIA documents**") according to the following rules:

- For projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts;
- For projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of their environmental impacts; and
- For projects with very small environmental impacts so that an EIA is not required, an Environmental Impact Registration Form shall be filled in.

According to *Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects* issued on September 2, 2008 and amended on April 28, 2018, the food and beverage services are classified as to fill in an Environmental Impact Registration Form. Where the construction entity fails to fill in the Environmental Impact Registration Form in accordance with the law, the environmental protection administrative department at or above the county level shall order it to fill in, and impose a fine of not more than RMB50,000 on it.

### **Regulations on Fire Prevention**

#### **Fire Protection Design Approval and Filing**

The *Fire Prevention Law of the PRC*, or the Fire Prevention Law, was adopted on April 29, 1998 and amended on October 28, 2008. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Public Security and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire prevention departments of such public securities are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to *Provisions on the Supervision and Administration of Fire Protection of Construction Projects*, or the Fire Protection Supervision Provisions, issued on April 30, 2009 and amended on July 17, 2012, for those construction projects with more than

500 square meters, the construction entity shall apply to the fire prevention department of a public security authority for fire protection design approval. For the construction projects other than the conditions foregoing, the construction entity shall, within seven days of obtaining the construction permit of the project, submit the fire protection filing for fire protection design through the website of the fire prevention department of the public security authority at the provincial level or at the service office of the fire prevention department of the public security authority. For a construction project whose investment is less than RMB300,000 or whose construction area is less than 300 square meters, the fire protection design approval or filing is not required.

#### ***Fire Protection As-built Acceptance Check and Filing***

Upon completion of a construction project to which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project must go through an as-built acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. For construction projects with more than 500 square meters, the construction entity or entity using such venue shall, prior to use and operation of any business thereof, apply for a safety acceptance check on fire prevention with the relevant fire prevention department of the public security authority at or above the county level where the venue is located. For the construction projects other than the conditions foregoing, the construction entity or entity using such venue shall submit the filing for as-built inspection of the project through the website of the fire prevention department of the public security authority at the provincial level or at the service office of the fire prevention department of the public security authority. For a construction project whose investment is less than RMB300,000 or whose construction area is less than 300 square meters, the fire protection as-built acceptance check or filing is not required.

#### ***Fire Safety Inspection***

The Fire Prevention Law requires the employer or user entity shall apply to the fire prevention department of the public security authority of the local people's government at or above the county level for a fire safety inspection before a public gathering place is put into use or opens for business. Any constructions illegally putting into use or operating a public gathering place without undergoing the fire safety inspection or without satisfying the fire safety requirements upon inspection shall be ordered to stop construction, stop use or stop production or business operation and be fined not less than RMB30,000 but not more than RMB300,000. According to our PRC legal counsel, after consulting with local fire prevention departments, the requirements of conducting the fire safety inspection before use are different among cities. In Beijing, Guangzhou, Fuzhou, and Changsha coffee stores with construction area of more than 300 square meters are required to conduct the fire safety inspection before use; in Shenzhen and Dongguan, coffee stores with construction area of more than 50 square meters are required to conduct the fire safety inspection before use; in Shanghai, Wuxi, Chongqing, Qingdao, Xi'an, Suzhou, Dalian and Nanjing, coffee stores are required to conduct the fire safety inspection before use no matter the size of the construction area.

#### ***Regulations Relating to Customer Rights Protection***

The *PRC Customer Rights and Interests Protection Law*, or Customer Protection Law, as amended on October 25, 2013 and effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the customers. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide customers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Customer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, exchange of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business

operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of customers.

## **Regulations on Foreign Investment**

Investment activities in the PRC by foreign investors are principally governed by the *Guidance Catalogue of Industries for Foreign Investment*, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce, or the MOFCOM, and the National Development and Reform Commission, or the NDRC. Industries listed in the Catalogue are divided into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally deemed as constituting a fourth "permitted" category. According to the Catalogue, customer food and beverage services are classified as industries where foreign investments are permitted.

MOFCOM and NDRC promulgated the *Special Management Measures (Negative List) for the Access of Foreign Investment*, or the Negative List, effective on June 28, 2018. The Negative List expands the scope of permitted industries by foreign investment by reducing the number of industries that fall within the Negative List where restrictions on the shareholding percentage or requirements on the composition of board or senior management still exists. Foreign investment in value-added telecommunications services (except for e-commerce) falls within the Negative List.

Pursuant to the *Provisions on Administration of Foreign-Invested Telecommunications Enterprises* promulgated by the State Council in December 2001 and most recently amended in February 2016, or the FITE Regulations, the ultimate foreign equity ownership in a value-added telecommunications services, or the VATS, provider may not exceed 50%. Moreover, for a foreign investor contemplating to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunication business overseas.

In June 2015, MIIT issued the *Circular on Removing the Restrictions on Equity Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-Commerce) Business* to amend the relevant provisions in the FITE Regulations, allowing foreign investors to own more than 50% of equity interest in an operator that "conducts e-commerce" business. However, other requirements provided by the Foreign Investment Telecommunications Rules (such as the track record and experience requirement for a major foreign investor) still apply, and foreign investors are still prohibited from holding more than 50% of equity interest in a provider of other subcategories of value-added telecommunications services.

To comply with PRC laws and regulations, we rely on contractual arrangements with our VIE to operate our VATS business in China.

## **Draft Foreign Investment Law (2015)**

In January 2015, MOFCOM published a *draft Foreign Investment Law (2015)* for public comments. According to the *draft Foreign Investment Law (2015)*, Foreign investments in the restricted industries must apply for approval from the foreign investment administration authority, whereas foreign investments in business sectors outside of the "negative list" will only be subject to filing procedures.

MOFCOM suggests both registration and approval as potential options for the regulation of variable interest entity structures, depending on whether they are "Chinese controlled" or "foreign controlled." One of the core concepts of the *draft Foreign Investment Law (2015)* is "*de facto* control," which is broadly defined and emphasizes substance over form in determining whether an entity is "Chinese controlled" or foreign controlled. "*De facto* control" can be established if a person has the power to exert decisive influence on an entity, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. The *draft Foreign*

*Investment Law (2015)* specifically provides that entities established in China but "controlled" by foreign investors, such as via contracts or trusts, will be treated as FIEs, whereas an investment in China in the foreign investment-restricted industries by a foreign investor may nonetheless apply for treatment as a PRC domestic investment if the foreign investor is determined to be "controlled" by PRC entities and/or citizens. According to the *draft Foreign Investment Law (2015)*, VIEs would also be deemed to be FIEs, if they are ultimately "controlled" by foreign investors, and be subject to the restrictions on foreign investments.

### ***Draft Foreign Investment Law (2018)***

In December 2018, the Standing Committee of the National People's Congress of PRC published the *Draft Foreign Investment Law (2018)* for public comments. On March 15, 2019, the *Foreign Investment Law* was formally issued, which will become effective on January 1, 2020. The *Foreign Investment Law* mainly focuses on the foreign investment promotion, foreign investment protection and foreign investment management. Comparing with the *draft Foreign Investment Law (2015)*, the *Foreign Investment Law* does not mention concepts such as "De facto control" and "controlling PRC companies by contracts or trusts", nor did it specify the regulation requirements on controlling through contractual arrangements.

### **Regulations Relating to Value-Added Telecommunication Services**

Among all of the applicable laws and regulations, the *Telecommunications Regulations of the People's Republic of China*, or the Telecom Regulations, promulgated by the PRC State Council on September 25, 2000 and most recently amended on February 6, 2016, is the primary governing law, and sets out the general framework for the provision of telecommunications services by domestic PRC companies. Under the Telecom Regulations, telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The *Telecom Regulations* distinguish "basic telecommunications services" from VATS. VATS are defined as telecommunications and information services provided through public networks. The *Telecom Catalogue* was issued as an attachment to the Telecom Regulations to categorize telecommunications services as either basic or value-added. In February 2003 and December 2015, the *Telecom Catalogue* was updated respectively, categorizing online data and transaction processing, information services, among others, as VATS.

The *Administrative Measures on Telecommunications Business Operating Licenses*, issued on March 1, 2009 and most recently amended on July 3, 2017, which set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of VATS must first obtain a VATS License, from the MIIT or its provincial level counterparts, otherwise such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the websites may be ordered to close.

In September 2000, the State Council promulgated the *Administrative Measures on Internet Information Services*, or the Internet Measures, most recently amended on January 8, 2011. Under the Internet Measures, commercial internet content-related services operators shall obtain a VATS License for internet content provision business, or the ICP License, from the relevant government authorities before engaging in any commercial internet content-related services operations within China.

Our VIE holds a valid ICP License.

According to the *Notice of the General Office of the Ministry of Commerce on the Relevant Issues concerning the Examination, Approval and Administration of Projects of Foreign Investment in Internet and Vending Machine Sales* promulgated by MOFCOM on 19 August 2010, if a foreign-invested enterprise provide internet services for third party trading entities through its network platform, such enterprise

shall obtain VATS License; and if a foreign-invested enterprise sells commodities through its own network platform, such enterprise shall complete the filing with competent telecommunication authorities.

Our Beijing WFOE has completed the above filing with Beijing Communications Administration.

### **Regulation on Information Security**

The Standing Committee of the National People's Congress promulgated the Cyber Security Law of the PRC, or the Cyber Security Law, which became effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cyber Security Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cyber security, or engage in activities by making use of the network that endanger the national security, honor and interests; incite subversion of state power; overthrow the socialist system; incite secession, undermining national unity, terrorism and extremism promotion, ethnic hatred and discrimination; spread violence and disseminate pornographic information, fabricating and spreading false information that disturbs economic and social order; or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cyber Security Law sets forth various security protection obligations for network operators, which are defined as "owners and administrators of networks and network service providers," including, among others, complying with a series of requirements of tiered cyber protection systems; verifying users' real identity; localizing the personal information and important data gathered and produced by key information infrastructure operators during operations within the PRC; and providing assistance and support to government authorities where necessary for protecting national security and investigating crimes.

To comply with these laws and regulations, we have adopted security policies and measures to protect our cyber system and customer information.

### **Regulation on Internet Privacy**

Pursuant to the *Administrative Provisions on Mobile Internet Applications Information Services*, effective on August 1, 2016, owners or operators of mobile applications that provide information services are required to be responsible for information security management; establish and improve the protective mechanism for user information; observe the principles of legality, rightfulness and necessity; and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users' personal information. In addition, the Cyber Security Law also requires network operators to strictly keep confidential users' personal information that they have collected and to establish and improve user information protective mechanism. On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information, which clarifies several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the *Criminal Law of the People's Republic of China*, including "citizen's personal information," "provision" and "unlawful acquisition of citizens' personal information." Also, it specifies the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

To comply with these laws and regulations, we have required our customers to consent to our collecting and using their personal information, and established information security systems to protect customers' privacy.

## **Regulations on E-Commerce**

The Standing Committee of the National People's Congress of PRC enacted the *PRC E-Commerce Law* on August 31, 2018, which became effective on January 1, 2019. Under the *PRC E-Commerce Law*, e-commerce refers to operating activities of selling goods or providing services through the internet or other information networks. The *PRC E-Commerce Law* generally applies to: (i) platform operators, which refer to legal persons or unincorporated organizations that provide network places of business, transaction matching, information release and other services to enable the transaction parties to carry out independent transaction activities; (ii) operators on the platform, which refer to e-commerce operators that sell goods or provide services to customers through e-commerce platforms; and (iii) other e-commerce operators that sell goods or provide services through self-established websites or other network services. The *PRC E-commerce Law* also provides rules in relation to e-commerce contracts, dispute settlements, e-commerce development as well as legal liabilities involved in e-commerce.

## **Regulations on Foreign Exchange**

Pursuant to the *Foreign Exchange Administration Regulations*, as amended in August 2008, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside the PRC, unless SAFE's prior approval is obtained and prior registration with SAFE is made. In May 2013 SAFE promulgated the *Circular of the SAFE on Printing and Distributing the Administrative Provision on Foreign Exchange in Domestic Direct Investment by Foreign Investors and Relevant Supporting Documents* which provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange.

Pursuant to the *Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles* or the SAFE Circular 37, promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or Overseas SPV, that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the *Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies*, or the SAFE Notice 13, which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment is directly reviewed and handled by banks in accordance with the SAFE Notice 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

## **Regulations Relating to Dividend Distributions**

The principal regulations governing the distribution of dividends paid by wholly foreign-owned enterprises include the *PRC Wholly Foreign-Owned Enterprise Law* issued in April 1986 and most

recently amended in September 2016, and the *PRC Implementation Regulations on the Wholly Foreign-Owned Enterprise Law* issued in December 1990 and most recently amended in February 2014. Under these regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reaches 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

### **Regulations Relating to Stock Incentive Plans**

According to the *Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company*, or the Share Incentive Rules, which was issued by the SAFE in February 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with the SAFE. All such participants need to authorize a qualified PRC agent, such as a PRC subsidiary of overseas publicly-listed company to register with the SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sale of proceeds for the participants of share incentive plans.

Failure to complete the SAFE registrations for our employee incentive plans after our listing may subject them to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us.

### **Regulations Relating to Overseas Listings**

In August 2006, six PRC regulatory authorities, including the China Securities Regulatory Commission, or the CSRC, jointly adopted the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the M&A Rules, amended in June 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that an Overseas SPV formed for overseas listing purposes and controlled directly or indirectly by the PRC Citizens shall obtain the approval of the CSRC prior to overseas listing and trading of such Overseas SPV's securities on an overseas stock exchange.

Our PRC legal counsel, King & Wood Mallesons, has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval of the listing and trading of the ADSs on the NASDAQ. However, our PRC legal counsel has further advised us that there are substantial uncertainties as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. See "Risk Factors—Risks Relating to the ADSs and This Offering—The approval of the China Securities Regulatory Commission may be required in connection with this offering under PRC law."

## **Regulations on Labor**

### ***Labor Contract Law***

As of January 1, 2008 and as amended on December 28, 2012, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers under the *Labor Contract Law of the PRC*, or the Labor Contract Law. Enterprises and institutions are forbidden to force the laborers to work beyond the time limit and the employers shall pay laborers overtime working compensation in accordance with national regulations. In addition, the labor wages shall not be lower than local standards on minimum wages and shall be paid to the laborers timely. According to the *Labor Law of the PRC* effective as of January 1, 1995, and as amended on December 29, 2018, enterprises and institutions shall establish and perfect its system of work place safety and sanitation, strictly abide by state rules and standards on work place safety and sanitation, educate laborers of work place safety and sanitation. Work place safety and sanitation facilities shall comply with state-fixed standards.

### ***Regulations on Social Insurance and Housing Fund***

According to the *Social Insurance Law of the PRC* effective as of July 1, 2011, and as amended on December 29, 2018, the *Regulations on Occupational Injury Insurance* effective as of January 1, 2004 and as amended on December 20, 2010, the *Interim Measures concerning the Maternity Insurance for Enterprise Employees* effective as of January 1, 1995, the *Interim Regulations concerning the Levy of Social Insurance* effective as of January 22, 1999, the *Interim Measures concerning the Administration of the Registration of Social Insurance* effective as of March 19, 1999 and the *Regulations concerning the Administration of Housing Fund* effective as of April 3, 1999 and amended on March 24, 2002, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as housing fund and other welfare plans.

### ***Regulations on Labor Dispatch***

The *Interim Provisions on Labor Dispatch* was promulgated by the Ministry of Human Resources and Social Security and became effective on March 1, 2014. The *Interim Provisions on Labor Dispatch* sets forth that labor dispatch should only be applicable to temporary, auxiliary or substitute positions, or the Three-Nature Requirements. Temporary positions shall mean positions subsisting for no more than six months, auxiliary positions shall mean positions of non-major business that serve positions of major businesses, and substitute positions shall mean positions that can be held by substitute employees for a certain period of time during which the employees who originally hold such positions are unable to work as a result of full-time study, being on leave or other reasons.

### ***Regulations on Property Leasing***

Under the *Administrative Measures on the Lease of Commodity Housing* issued by Ministry of Housing and Urban-Rural Development on December 1, 2010, the parties to a lease agreement shall go through the lease registration and filing process with the competent construction (real estate) departments of the municipalities directly under the PRC Government, cities and counties where the housing is located within 30 days after the lease agreement is signed. For those who fail to comply with the above regulations, such competent departments may impose a fine of between RMB1,000 and RMB10,000 per lease.

## **Regulations on Intellectual Property Rights**

### **Copyright**

Pursuant to the *Copyright Law* of the PRC, as amended in 2010, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the *Copyright Law* of the PRC, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc.

Pursuant to the *Computer Software Copyright Protection Regulations* promulgated on December 20, 2001 and amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

### **Trademark**

Pursuant to the *Trademark Law of the PRC*, as amended in 2013, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of such trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. According to this law, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

### **Domain Name**

Domain names are protected under the *Administrative Measures on the Internet Domain Names* promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority responsible for the administration of the PRC Internet domain names. The registration of domain names in PRC is on a "first-apply-first-registration" basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

## **Regulations Relating to Tax in the PRC**

### **Income Tax**

The *PRC Enterprise Income Tax Law* was promulgated in March 2007 and was most recently amended in December 2018. The *PRC Enterprise Income Tax Law* applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Under the *PRC Enterprise Income Tax Law*, an enterprise established outside China with "*de facto* management bodies" within China is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. 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.

In April 2009, the Ministry of Finance, or MOF, and SAT jointly issued the *Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business*, or the Circular 59. In

December 2009, SAT issued the *Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises*, or the Circular 698. Both Circular 59 and Circular 698 became effective retroactively as of January 2008. In March 2011, SAT issued the *Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises*, or the SAT Circular 24, effective in April 2011. By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise.

In February 2015, SAT issued the *Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises*, or the SAT Circular 7, to supersede existing provisions in relation to the indirect transfer as set forth in Circular 698, while the other provisions of Circular 698 remain in force. SAT Circular 7 introduces a new tax regime that is significantly different from that under Circular 698. SAT Circular 7 extends its tax jurisdiction to capture not only indirect transfers as set forth under Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment, and placement in China, of a foreign company through the offshore transfer of a foreign intermediate holding company. SAT Circular 7 also addresses transfer of the equity interest in a foreign intermediate holding company broadly. In addition, SAT Circular 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. However, it also brings challenges to both the foreign transferor and transferee of the indirect transfer as they have to determine whether the transaction should be subject to PRC tax and to file or withhold the PRC tax accordingly. In October 2017, SAT issued the *Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises*, or the SAT Circular 37, amended in June 2018. The SAT Circular 37 superseded the Non-resident Enterprises Measures and SAT Circular 698 as a whole and partially amended some provisions in SAT Circular 24 and SAT Circular 7. SAT Circular 37 purports to clarify certain issues in the implementation of the above regime, by providing, among others, the definition of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of withholding amount, and the date of occurrence of the withholding obligation. Specifically, SAT Circular 37 provides that where the transfer income subject to withholding at source is derived by a non-PRC resident enterprise in instalments, the instalments may first be treated as recovery of costs of previous investments. Upon recovery of all costs, the tax amount to be withheld must then be computed and withheld.

### **Value-Added Tax**

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* promulgated on December 13, 1993 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax. Pursuant to the *Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax* promulgated on March 23, 2016 and as amended on July 11, 2017 and December 25, 2017 respectively, upon approval of the State Council, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016, and all taxpayers of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax. Pursuant to the *Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* promulgated on April 4, 2018 and come to effect on May 1, 2018, by Ministry of Finance and State Administration of Taxation, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17-percent and 11-percent tax rates are adjusted to be 16 percent and 10 percent respectively.

**MANAGEMENT****Directors and Executive Officers**

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Charles Zhengyao Lu	49	Chairman
Jenny Zhiya Qian	42	Director and Chief Executive Officer
Jian Liu	36	Director and Chief Operating Officer
Dr. Jinyi Guo	37	Director and Senior Vice President
Hui Li	50	Director
Erhai Liu	50	Director
Sean Shao	62	Independent Director*
Thomas P. Meier	48	Independent Director*
Reinout Hendrik Schakel	38	Chief Financial Officer and Chief Strategy Officer
Wenbao Cao	49	Senior Vice President

\* Mr. Sean Shao and Mr. Thomas P. Meier have accepted appointments as our independent directors, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

*Charles Zhengyao Lu* has served as the chairman of our board of directors since June 2018. Mr. Lu founded CAR Inc. (HKEx: 699) in 2007 and he served as an executive director, the chairman of the board and the chief executive officer for CAR Inc. from 2014 to 2016, and is currently a non-executive director and the chairman of the board of CAR Inc. Mr. Lu is also the chairman of the board and the chief executive officer for UCAR Inc. (NEEQ: 838006), a substantial shareholder of CAR Inc. Mr. Lu obtained a bachelor's degree majoring in industrial electric automation from the University of Science & Technology of Beijing in July 1991. He obtained an executive master of business administration degree from Peking University in July 2010.

*Jenny Zhiya Qian* has served as our director since August 2017 and our chief executive officer since November 2017. Ms. Qian served as a director and the chief operating officer for UCAR Inc. from 2016 to 2017, and served as an executive vice-president and the chief operating officer for CAR Inc. from 2014 to 2016. Ms. Qian obtained a bachelor's degree majoring in industry and foreign trade from Wuhan Institute of Textile Science in June 1998. She obtained an executive master of business administration degree from Peking University in July 2012.

*Jian Liu* has served as our director since February 2019 and our chief operating officer since May 2018. Mr. Liu served as the head of yield management for UCAR Inc. from 2015 to 2018. From 2008 to 2015, Mr. Liu served successively as the deputy head of vehicle management center and the head of yield management for CAR Inc. Mr. Liu obtained a bachelor's degree majoring in labor and social security from the Central University of Finance and Economics in June 2005.

*Dr. Jinyi Guo* has served as our director since June 2018 and our senior vice president in charge of product and supply chain since October 2017. Dr. Guo served as the assistant to the chairman for UCAR Inc. from 2016 to 2017. He worked at Ministry of Transport from 2011 to 2016, and worked at

China Academy of Transportation Sciences as a research assistant from 2009 to 2011. Dr. Guo obtained his master's degree in July 2005 and a Ph.D. in July 2009 from Beijing Jiaotong University, majoring in transportation planning and management. Dr. Guo was a visiting scholar at the University of Leeds in 2008.

*Hui Li* has served as our director since June 2018. Mr. Li is the founder and chief executive officer of Centurium Capital. Mr. Li has been a director of China Biologic Products, Inc. (Nasdaq: CBPO) since 2013 and served as the Chairman of the board of the company from 2018 to February 2019. Mr. Li was an executive director and a managing director at Warburg Pincus Asia LLC from 2002 to 2016. Prior to joining Warburg Pincus, Mr. Li worked in the investment banking division of Goldman Sachs from 2001 to 2002 and Morgan Stanley from 1994 to 2001. Mr. Li obtained a bachelor's degree majoring in economics from Renmin University of China in July 1990 and a master's degree majoring in business administration from Yale University School of Management in May 1994.

*Erhai Liu* has served as our director since November 2018. Mr. Liu is a founding and managing partner of Joy Capital. Before founding Joy Capital in 2015, Mr. Liu worked for Legend Capital from 2003 to 2015, where he served as a managing director and led the TMT and innovative consumption team. Mr. Liu has also served as a director of Bitauto Holdings Limited (NYSE: BITA) since 2005. Mr. Liu obtained a bachelor's degree majoring in communication engineering from Guilin University of Electronic Technology in June 1990, a master's degree majoring in communication and information system from Xidian University in March 1994, a master of business administration degree and a master's degree majoring in global finance from Fordham University in May 2003 and September 2003, respectively, and a master's degree majoring in psychology from Peking University in July 2011.

*Sean Shao* will serve as our independent director upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Shao has served as an independent director and the chairman of the audit committee of 21Vianet Group, Inc. (Nasdaq: VENT) since 2015, Jumei International Holding Ltd. (NYSE: JMEI) since 2014, LightInTheBox Holdings Co. Ltd. (NYSE: LITB) since 2013, UTStarcom Holdings Corp. (Nasdaq: UTSI) since 2012 and China Biologic Products, Inc. (Nasdaq: CBPO) since 2008. Mr. Shao served as an independent director, the chairman of the compensation committee and the chairman of the corporate governance and nominating committee of Agria Corporation (NYSE: GRO) from 2008 to 2017, from 2008 to 2010 and from 2010 to 2017, respectively. He served as the chief financial officer and a board member of Trina Solar Limited from 2006 to 2008 and from 2015 to 2017, respectively. Mr. Shao also served as a director of Yongye International, Inc. from 2009 to 2014. In addition, Mr. Shao served as the chief financial officer of ChinaEdu Corporation, and of Watchdata Technologies Ltd from 2004 to 2006. Prior to that, Mr. Shao worked at Deloitte Touche Tohmatsu CPA Ltd. for approximately a decade. Mr. Shao obtained a bachelor's degree in art from East China Normal University in 1982 and a master's degree in health care administration from the University of California at Los Angeles in 1988. Mr. Shao is a member of the American Institute of Certified Public Accountants.

*Thomas P. Meier* will serve as our independent director upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Meier is currently serving as the chief executive officer of the Ricola Group since 2019. Mr. Meier served as the president and chief executive officer of Franke Coffee Systems from 2016 to March 2019. He previously worked for Lindt & Sprüngli as a managing director for the Asia-Pacific region and a vice president of sales for Switzerland from 2006 to 2016 and from 2003 to 2006, respectively. Mr. Meier obtained a master of business administration degree with focus on marketing, retailing and strategic management from the University of St. Gallen in Switzerland in September 1996.

*Reinout Hendrik Schakel* has served as our chief financial officer and chief strategy officer since January 2019. Mr. Schakel worked at the corporate & institutional banking division of Standard Chartered Bank as an executive director from 2016 to 2018. From 2008 to 2016, Mr. Schakel served

successively as an analyst, associate and vice president for the investment banking division of Credit Suisse. Mr. Schakel obtained a master of business administration degree from Erasmus University in December 2005.

*Wenbao Cao* has served as our senior vice president in charge of store operations and customer service since June 2018. Mr. Cao had over 23 years of work experience at McDonald's China. Mr. Cao started his career at McDonald's China in 1994 and served as store manager of McDonald's global largest store in Beijing in 1996. Later Mr. Cao became regional manager of Beijing and eventually served as the vice president of McDonald's China from 2011 to 2017, where he was first responsible for the operation of north district of McDonald's China, and then in charge of the franchising and partner relationship matters. Mr. Cao obtained a bachelor's degree majoring in geophysics from the University of Science and Technology of China in July 1992.

### **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with each of our executive officers. Each of our executive officers is employed for a specified time period, which will be renewed automatically unless a notice of non-renewal is given. We may terminate an executive officer's employment for cause at any time without advance notice in certain events. We may terminate an executive officer's employment by giving a prior written notice and paying certain compensation. An executive officer may terminate his or her employment at any time by giving a prior written notice.

Each executive officer has agreed to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use, any of our confidential information or the confidential information of our customers and suppliers. In addition, each executive officer has agreed to be bound by certain non-competition restrictions during the term of his or her employment and for two years following the last date of employment.

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 all liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company to the fullest extent permitted by law with certain limited exceptions.

### **Board of Directors**

Our Board of Directors will consist of eight directors, including two independent directors, namely Mr. Sean Shao and Mr. Thomas P. Meier, upon the SEC's declaration of effectiveness of our registration statement on Form F-1 to which this prospectus forms a part. A director is not required to hold any shares in our company to qualify to serve as a director. The Listing Rules of the NASDAQ generally require that a majority of an issuer's board of directors must consist of independent directors. However, the Listing Rules of the NASDAQ permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exemption and do not have a majority of independent directors serving on our Board of Directors.

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

she does so, his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

### **Committees of the Board of Directors**

Prior to completion of this offering, we intend to establish an audit committee, a compensation committee and a nominating and corporate governance committee under our Board of Directors. We intend to adopt a charter for each of the three committees prior to completion of this offering. Each committee's members and functions are described below.

**Audit Committee.** Our audit committee will consist of Mr. Sean Shao, Mr. Thomas P. Meier and Mr. Erhai Liu, and is chaired by Mr. Sean Shao. We have determined that Mr. Sean Shao and Mr. Thomas P. Meier satisfy the requirements of Rule 5605(c)(2) of the Listing Rules of the NASDAQ and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that Mr. Sean Shao qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors at least annually;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- discussing with our independent auditor, among other things, the audits of the financial statements, including whether any material information should be disclosed, issues regarding accounting and auditing principles and practices;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any special steps taken to monitor and control major financial risk exposures;
- approving annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- establishing and overseeing procedures for the handling of complaints and whistleblowing; and
- meeting separately and periodically with management and the independent registered public accounting firm.

**Compensation Committee.** Our compensation committee will consist of Ms. Jenny Zhiya Qian, Mr. Erhai Liu and Mr. Sean Shao and is chaired by Ms. Jenny Zhiya Qian. We have determined that

Mr. Sean Shao satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the NASDAQ. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- overseeing the development and implementation of compensation programs in consultation with our management;
- at least annually, reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- at least annually, reviewing and recommending to the board for determination with respect to the compensation of our non-executive directors;
- at least annually, reviewing periodically and approving any incentive compensation or equity plans, programs or other similar arrangements;
- reviewing executive officer and director indemnification and insurance matters; and
- overseeing our regulatory compliance with respect to compensation matters, including our policies on restrictions on compensation plans and loans to directors and executive officers.

***Nominating and Corporate Governance Committee.*** Our nominating and corporate governance committee will consist of Mr. Charles Zhengyao Lu, Mr. Hui Li and Mr. Thomas P. Meier, and is chaired by Mr. Charles Zhengyao Lu. We have determined that Mr. Thomas P. Meier satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the NASDAQ. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, expertise, diversity and availability of service to us;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or NASDAQ rules, or otherwise considered desirable and appropriate;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself; and
- evaluating the performance and effectiveness of the board as a whole.

#### **Duties and Functions of Directors**

Under Cayman Islands law, our directors owe fiduciary duties to our company to act honestly and in good faith with a view to our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable prudent person would exercise in comparable circumstances. 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 others, (i) convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends, (iii) appointing officers and determining their terms of offices and responsibilities, and (iv) approving the transfer of shares of our company, including the registering of such shares in our share register.

### **Terms of Directors and Officers**

Our officers are elected by and serve at the discretion of the board. Each director is not subject to a term of office and holds office until such time as his successor takes office or until the earlier of his death, resignation or removal from office by an ordinary resolution of the shareholders of the Company. A director's office shall also be vacated if, among other things, the director (i) resigns his office by notice in writing to the company; (ii) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (iii) is found to be or becomes of unsound mind; (iv) is prohibited by law or Nasdaq rules from being a director; or (v) is removed from office pursuant to our post-offering amended and restated articles of association.

### **Interested Transactions**

A director may, subject to any separate requirement for audit and risk committee approval under applicable law or applicable NASDAQ rules, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

### **Compensation of Directors and Executive Officers**

In 2018, we paid an aggregate of RMB3.0 million (US\$0.4 million) in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and our variable interest entity are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

For share incentive grants to our directors, executive officers and employees, see "—Share Incentive Plan."

### **Share Incentive Plan**

#### ***2019 Share Option Plan***

We adopted the 2019 Share Option Plan, in January 2019. The purpose of the 2019 Share Option Plan is to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. The maximum aggregate number of ordinary shares that can be issued under the 2019 Share Option Plan is 158,031. As of the date of this prospectus, there are 158,031 ordinary shares issuable upon exercise of outstanding stock options under the 2019 Share Option Plan. Upon the completion of this offering, all of the ordinary shares reserved and issuable upon the exercise of options granted pursuant to the 2019 Share Option Plan shall, upon issuance of such ordinary shares, be designated as Class A ordinary shares.

The following is a summary of the principal terms of the 2019 Share Option Plan.

*Eligible participants.* Our employees, officers, directors, business associates or any other individual as determined by our board of directors, in its sole discretion, who has contributed or will contribute to our company, is eligible to participate in the 2019 Share Option Plan.

*Exercise of Options.* Vested options will become exercisable after an initial public offering of our ordinary shares, subject to other terms and conditions provided in the relevant grant letter. Once all the preconditions are met, a participant may exercise options in whole or in part by giving written notice of exercise to us specifying information such as the number of shares to be purchased, as well as making full payment of the aggregate exercise price of the shares so purchased.

*Exercise price.* The exercise price in respect of options granted under the 2019 Share Option Plan is determined by our board of directors in its sole discretion and set forth in the grant letter subject to any adjustment as a result of any alteration in the capital structure of our company by way of capitalization of profits or reserves, rights issue, sub-division or consolidation of shares or reduction of share capital of our company from time to time, but excluding, for the avoidance of doubt, any alteration in the capital structure of our company as a result of an issue of shares or other securities as consideration in a transaction to which our company is a party.

*Vesting schedule.* Our board of directors has the sole discretion in determining the individual vesting schedules and other restrictions applicable to shares awarded and options granted under such plan.

*Administration.* The plan is administered by our board of directors.

*Lapse of option.* An option issued under the 2019 Share Option Plan shall lapse automatically under certain circumstances, including but not limited to, the expiration of option period, termination of employment for cause and the tenth anniversary of the adoption date of such plan.

*Amendment.* Any change to the authority of our board of directors in relation to any alteration to the terms of the 2019 Share Option Plan must be approved by the shareholders in general meeting. Subject to the above, our board may amend any of the provisions of such plan at any time provided that such amendment shall not affect adversely any rights which have accrued to any grantee at that date.

*Termination.* The 2019 Share Option Plan will terminate on the tenth anniversary of its date of adoption, unless terminated earlier. We may, by ordinary resolution in general meeting, or our board of directors may, at any time terminate the operation of such plan and in such event no further options shall be granted. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the scheme.

*Transfer restrictions.* An option is personal to the grantee and shall not be assignable or transferable.

The following table summarizes, as of the date of this prospectus, options that we granted to our directors and executive officers under our 2019 Share Option Plan.

<u>Name</u>	<u>Ordinary Shares Underlying Outstanding Options Granted</u>	<u>Exercise Price (US\$ per Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Jian Liu	47,408	0.1	January 18, 2019	January 18, 2029
Dr. Jinyi Guo	47,408	0.1	January 18, 2019	January 18, 2029
Reinout Hendrik Schakel	*	0.1	January 18, 2019	January 18, 2029
Wenbao Cao	*	0.1	January 18, 2019	January 18, 2029

\* Less than 1% of our total outstanding shares.

As of the date of this prospectus, other grantees under the 2019 Share Option Plan as a group held options to purchase 51,884 ordinary shares.

## PRINCIPAL SHAREHOLDERS

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this prospectus, assuming conversion of all of our outstanding angel shares and preferred shares into ordinary shares, on a one-to-one basis by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below are based on 3,175,772 ordinary shares on an as-converted basis outstanding as of the date of this prospectus and ordinary shares outstanding immediately after completion of this offering and the concurrent private placement to Louis Dreyfus Company B.V., including (i) Class A ordinary shares to be sold by us in this offering in the form of ADSs, assuming the underwriters do not exercise their over-allotment option, Class A ordinary shares to Louis Dreyfus Company B.V. based on an assumed initial public offering price of US\$ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, and (ii) Class B ordinary shares converted from our outstanding ordinary shares, angel shares and preferred shares, excluding the effects of Class A ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security.

These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares (as converted basis) Beneficially Owned Prior to this Offering and the Concurrent Private Placement		Ordinary Shares Beneficially Owned After This Offering and the Concurrent Private Placement			
			Class A		Class B	
	Number	%*	Number	Percentage of total ordinary shares on an as-converted basis	Number	Percentage of total ordinary shares on an as-converted basis
<b>Directors and Executive Officers:</b>						
Charles Zhengyao Lu <sup>(1)</sup>	969,703	30.53%				
Jenny Zhiya Qian <sup>(2)</sup>	625,000	19.68%				
Jian Liu	—	—				
Dr. Jinyi Guo	—	—				
Hui Li <sup>(3)</sup>	377,877	11.90%				
Erhai Liu <sup>(4)</sup>	214,471	6.75%				
Sean Shao***	—	—				
Thomas P. Meier***	—	—				
Reinout Hendrik Schakel	—	—				
Wenbao Cao	—	—				
<b>Principal Shareholders:</b>						
Lu's Family <sup>(5)</sup>	969,703	30.53%				
Summer Fame Limited <sup>(6)</sup>	625,000	19.68%				
Mayer Investments Fund, L.P. <sup>(7)</sup>	393,750	12.40%				
Centurium Capital <sup>(8)</sup>	377,877	11.90%				
Joy Capital <sup>(9)</sup>	214,471	6.75%				

\* For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 3,175,772, being the number of ordinary shares on an as-converted basis outstanding as of the date of this prospectus and (ii) the number of ordinary shares underlying share options held by such person or group that are exercisable within 60 days after the date of this prospectus.

\*\* For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class.

\*\*\* Sean Shao and Thomas P. Meier have accepted their appointments to be independent directors of our company, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

(1) Represents (i) 513,000 angel-2 shares and 81,703 Series A convertible redeemable preferred shares held by Haode Investment Inc., a British Virgin Islands company wholly owned by Haode International Limited and ultimately controlled by Lu Family Trust, a trust established under the laws of Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee, Lichun Guo, Mr. Lu's spouse, as the settlor of the trust and Ms. Guo and her family members as the trust's beneficiaries; and (ii) 375,000 angel-1 shares held by Primus Investments Fund, L.P., a Cayman Islands company wholly owned by Haode Investment Inc. and ultimately controlled by Lu Family Trust. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Haode Investment Inc. is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The

registered address of Primus Investments Fund, L.P. is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

- (2) Represents 625,000 ordinary shares held by Summer Fame Limited, a British Virgin Islands company wholly owned by Summer Fame International Limited and ultimately controlled by Qian Family Trust. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Summer Fame Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. Qian Family Trust is a trust established under the laws of Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee. Ms. Qian is the settlor of the trust and Ms. Qian and her family members are the trust's beneficiaries. 150,938 ordinary shares held by Summer Fame Limited have been pledged to an affiliate of an underwriter to secure a borrowing.
- (3) Represents (i) 272,344 Series A convertible redeemable preferred shares held by Lucky Cup Holdings Limited, a Cayman Islands company wholly owned by Centurium Capital Partners 2018, L.P. and ultimately controlled by Hui Li; and (ii) 105,533 Series B convertible redeemable preferred shares held by Fortunate Cup Holdings Limited, a Cayman Islands company wholly owned by Centurium Capital Partners 2018, L.P. and ultimately controlled by Hui Li. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Lucky Cup Holdings Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The registered address of Fortunate Cup Holdings Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (4) Represents (i) 68,086 Series A convertible redeemable preferred shares and 10,894 Series B convertible redeemable preferred shares held by Joy Capital II, L.P., a Cayman Islands company whose general partners are Joy Capital II GP, L.P. and Joy Capital GP, Ltd. and ultimately controlled by Erhai Liu; (ii) 40,852 Series A convertible redeemable preferred shares and 23,830 Series B convertible redeemable preferred shares held by Joy Luck Management Limited, a Hong Kong company controlled by Erhai Liu; and (iii) 70,809 Series B convertible redeemable preferred shares held by Honour Ample Limited, a British Virgin Islands company controlled by Erhai Liu. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Joy Capital II, L.P. is 4th Floor, Harbour Place, 103 South Church Street, P. O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The registered address of Joy Luck Management Limited is Suite 2409, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong. The registered address of Honour Ample Limited is Craigmuir Chambers, Road Town, Tortola VG1110, British Virgin Islands.
- (5) Represents (i) 513,000 angel-2 shares and 81,703 Series A convertible redeemable preferred shares held by Haode Investment Inc., a British Virgin Islands company wholly owned by Haode International Limited and ultimately controlled by Lu Family Trust, a trust established under the laws of Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee, Lichun Guo, Mr. Lu's spouse, as the settlor of the trust and Ms. Guo and her family members as the trust's beneficiaries; and (ii) 375,000 angel-1 shares held by Primus Investments Fund, L.P., a Cayman Islands company wholly owned by Haode Investment Inc. and ultimately controlled by Lu Family Trust. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Haode Investment Inc. is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The registered address of Primus Investments Fund, L.P. is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- (6) Represents 625,000 ordinary shares held by Summer Fame Limited, a British Virgin Islands company wholly owned by Summer Fame International Limited and ultimately controlled by Qian Family Trust. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Summer Fame Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin

Islands. Qian Family Trust is a trust established under the laws of Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee. Ms. Qian is the settlor of the trust and Ms. Qian and her family members are the trust's beneficiaries. 150,938 ordinary shares held by Summer Fame Limited have been pledged to an affiliate of an underwriter to secure a borrowing.

- (7) Represents 393,750 angel-1 shares held by Mayer Investments Fund, L.P., a Cayman Islands company controlled by Mayer Management GP, Limited and ultimately controlled by Sunying Wong. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Mayer Investments Fund, L.P. is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. 393,750 angel-1 shares held by Mayer Investments Fund, L.P. have been pledged to an affiliate of an underwriter to secure a borrowing.
- (8) Represents (i) 272,344 Series A convertible redeemable preferred shares held by Lucky Cup Holdings Limited, a Cayman Islands company wholly owned by Centurium Capital Partners 2018, L.P. and ultimately controlled by Hui Li; and (ii) 105,533 Series B convertible redeemable preferred shares held by Fortunate Cup Holdings Limited, a Cayman Islands company wholly owned by Centurium Capital Partners 2018, L.P. and ultimately controlled by Hui Li. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Lucky Cup Holdings Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The registered address of Fortunate Cup Holdings Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (9) Represents (i) 68,086 Series A convertible redeemable preferred shares and 10,894 Series B convertible redeemable preferred shares held by Joy Capital II, L.P., a Cayman Islands company whose general partners are Joy Capital II GP, L.P. and Joy Capital GP, Ltd. and ultimately controlled by Erhai Liu; (ii) 40,852 Series A convertible redeemable preferred shares and 23,830 Series B convertible redeemable preferred shares held by Joy Luck Management Limited, a Hong Kong company controlled by Erhai Liu; and (iii) 70,809 Series B convertible redeemable preferred shares held by Honour Ample Limited, a British Virgin Islands company controlled by Erhai Liu. All of these shares will be redesignated as Class B ordinary shares and subject to a 1:500 share split conditional upon and effective immediately prior to the completion of this offering. The registered address of Joy Capital II, L.P. is 4th Floor, Harbour Place, 103 South Church Street, P. O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The registered address of Joy Luck Management Limited is Suite 2409, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong. The registered address of Honour Ample Limited is Craigmuir Chambers, Road Town, Tortola VG1110, British Virgin Islands.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. See "Description of Share Capital—History of Securities Issuances" for a description of issuances of our ordinary shares, angel shares and preferred shares that have resulted in significant changes in ownership held by our major shareholders.

## RELATED PARTY TRANSACTIONS

### Contractual Arrangements

See "Corporate History and Structure—Contractual Arrangements with the VIE and its Shareholders."

### Employment Agreements and Indemnification Agreements

See "Management—Employment Agreements and Indemnification Agreements."

### Share Incentives

See "Management—Share Incentive Plan."

### Credit Facilities

To secure our obligation under a lease agreement we entered into with Everbright Financial Leasing Co., Ltd., Mr. Charles Zhengyao Lu, the chairman of our board, has pledged 35.3 million shares of UCAR Inc., an entity controlled by Mr. Lu and persons acting in concert with him, to Everbright Financial Leasing Co., Ltd. To secure our obligation under a facility agreement we entered into with TTCO, Mr. Lu and Ms. Jenny Zhiya Qian, our director and chief executive officer, have provided personal guarantees. To secure our obligation under a facility agreement we entered into with SPD, Mr. Lu and Ms. Qian have provided personal guarantees. See "Management's Discussion and Analysis of Financial Condition and Result of Operations—Contractual Obligations—Credit Facilities."

### Other Related Party Transactions

#### *Transactions with Ms. Jenny Zhiya Qian and Mr. Min Chen*

In 2017, we received a loan from Ms. Jenny Zhiya Qian of RMB50 million and a loan from Mr. Min Chen, our then director, of RMB10 million to support our working capital management. The loan is interest-free with a term of one year and permits prepayment. We settled all the outstanding balance of the related party loans due to Ms. Jenny Zhiya Qian and Mr. Min Chen in 2018.

#### *Transactions with Haode Investment, Haode Group, UCAR and QWOM*

In 2017, we received a loan of RMB1.8 million from Haode Investment Inc., a shareholder of our company and an affiliate of Mr. Charles Zhengyao Lu, to support our working capital management. The loan is interest-free with a term of one year and permits prepayment. We settled all the outstanding balance of the related party loan due to Haode Investment Inc. in 2018.

In 2018, we provided a loan of RMB147.6 million (US\$22.0 million) to Haode Group Inc., an affiliate of by Mr. Charles Zhengyao Lu. The loan is interest-free with a term of six months and permits prepayment. We settled all the outstanding balance of the related-party loan due from Haode Group Inc. in February 2019.

We rent certain office space from UCAR Inc. In 2018 and in the three months ended March 31, 2019, the amount for the rent for UCAR. Inc. was RMB3.2 million (US\$0.5 million) and RMB 1.0 million (US\$0.1 million), respectively, and as of December 31, 2018 and March 31, 2019, the amount due to UCAR. Inc. was RMB1.0 million (US\$0.1 million) and RMB 1.0 million (US\$0.1 million), respectively.

We received advertising service from Beijing QWOM Digital Technology Co., Ltd., or QWOM, an affiliate of Mr. Charles Zhengyao Lu. In 2018 and in the three months ended March 31, 2019, the amount for advertising service fee for QWOM was RMB 42.9 million (US\$ 6.4 million) and

RMB 7.6 million (US\$1.1 million), respectively, and as of December 31, 2018 and March 31, 2019, the amount due to QWOM was RMB 23.2 million (US\$3.5 million) and RMB 7.0 million (US\$1.0 million), respectively.

***Transaction with Primus***

In 2017, we received a loan of RMB92.9 million from Primus Investments Fund, L.P., a shareholder of our company and an affiliate of Mr. Charles Zhengyao Lu, to support our working capital management. The loan is interest-free with a term of one year and permits prepayment. We settled all the outstanding balance of the related party loan due to Primus Investments Fund, L.P. in 2018.

***Transaction with Star Grove***

In 2017, we received a loan of RMB227.5 million from Star Grove Global Limited, a shareholder of our company, to support our working capital management. The loan is interest-free with a term of one year and permits prepayment. We settled all the outstanding balance of the related party loan due to Star Grove Global Limited in 2018.

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, which we refer to as the "Companies Law" below, and the common law of the Cayman Islands.

The share capital of our company is divided into ordinary shares, angel shares and preferred shares. In respect of all of our ordinary shares, angel shares and preferred shares we have power insofar as is permitted by law, to redeem or purchase any of our shares and to increase or reduce the share capital subject to the provisions of the Companies Law and the articles of association and to issue any shares, whether such shares be of the original, redeemed or increased capital, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers under our memorandum and articles of association.

As of the date hereof, the authorized share capital of our company is US\$50,000 divided into 50,000,000 shares of a par value of US\$0.001 each, of which (i) 44,400,000 shares are designated as ordinary shares; (ii) 1,000,000 shares are designated as angel-1 shares; (iii) 600,000 shares are designated as angel-2 shares; (iv) 2,000,000 shares are designated as Series A convertible redeemable preferred shares; (v) 1,000,000 shares are designated as Series B convertible redeemable preferred shares; and (vi) 1,000,000 shares are designated as Series B-1 convertible redeemable preferred shares. As of the date of this prospectus, there are 750,000 ordinary shares, 915,750 angel-1 shares, 513,000 angel-2 shares, 544,688 Series A convertible redeemable preferred shares, 279,152 Series B convertible redeemable preferred shares and 173,182 Series B-1 convertible redeemable preferred shares issued and outstanding. All of our ordinary shares issued and outstanding prior to completion of the offering are fully paid, all of our issued and outstanding angel shares and preferred shares will be redesignated or converted into ordinary shares on a one-for-one basis.

We have adopted an amended and restated memorandum and articles of association, which will become effective and replace the current fourth amended and restated memorandum and articles of association in its entirety immediately prior to completion of this offering. We have adopted a dual-class ordinary share structure and a 1:500 share split conditional upon and effective immediately prior to the completion of the offering. Accordingly, our authorized share capital immediately prior to the completion of the offering will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each, comprising (i) 20,000,000,000 Class A ordinary shares with a par value of US\$0.000002 each, and (ii) 5,000,000,000 Class B ordinary shares with a par value of US\$0.000002 each. We will issue Class A ordinary shares represented by ADSs in this offering, assuming the underwriters do not exercise their over-allotment option, and issue Class A ordinary shares in the concurrent private placement at the initial public offering price of US\$ per ADS. All options, regardless of grant dates, will entitle holders to an equivalent number of ordinary shares once the vesting and exercising conditions are met.

The following are summaries of material provisions of our post-offering amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective upon the closing of this offering.

### Ordinary Shares

**General.** Conditional upon and effective immediately prior to the completion of the offering, our authorized share capital is US\$50,000 divided into 25,000,000,000 ordinary shares, with a par value of US\$0.000002 each, comprising (i) 20,000,000,000 Class A ordinary shares with a par value of US\$0.000002 each, and (ii) 5,000,000,000 Class B ordinary shares with a par value of US\$0.000002

each. Holders of ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

A dual-class voting structure has been approved by our board of directors and the existing shareholders of our company in connection with their consideration and approval of our fifth amended and restated memorandum and articles of association that will become effective upon the completion of this offering. We believe that adopting a dual-class voting structure would enable us to create greater and more sustainable long-term value for our shareholders as it allows us to (i) strengthen our relationship with our long-term shareholders; (ii) obtain greater flexibility in exploring future equity and other financing options as well as potential M&A opportunities; and (iii) protect us from potentially disruptive takeovers. For risks associated with the dual-class voting structure, see "Risk Factors—Risks Relating to the ADSs and This Offering—Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial."

**Dividends.** The holders of our ordinary shares are entitled to such dividends as may be declared by our Board of Directors subject to our post-offering amended and restated memorandum and articles of association and the Companies Law. Our post-offering amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Board of Directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

**Voting Rights.** Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members. Each Class A ordinary share shall be entitled to one vote on all matters subject to vote at general and special meetings of our company and each Class B ordinary share shall be entitled to ten votes on all matters subject to vote at general and special meetings of our company.

A quorum required for a meeting of shareholders consists of a majority of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-IPO memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our board of directors. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our Board of Directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than ten percent (10%) of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our post-offering amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least fifteen (15) days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering amended and restated memorandum and articles of association.

**Transfer of Ordinary Shares.** Subject to the restrictions in our post-offering amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our Board of Directors.

Our Board of Directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our Board of Directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our board of directors may from time to time require is paid to us in respect thereof.

If our board of directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the NASDAQ, be suspended and the register closed at such times and for such periods as our Board of Directors may from time to time determine, *provided, however*, that the registration of transfers shall not be suspended nor the register closed for more than thirty (30) days in any year.

**Liquidation.** On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to nominal amount of the shares held by them respectively. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

**Redemption, Repurchase and Surrender of Ordinary Shares.** We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our Board of Directors. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our Board of Directors, or are otherwise authorized by our post-IPO

memorandum and articles of association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

**Variations of Rights of Shares.** If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), may be varied with the sanction of a special resolution at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

**Inspection of Books and Records.** Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

**Issuance of Additional Shares.** Our post-offering amended and restated memorandum of association authorizes our Board of Directors to issue additional ordinary shares from time to time as our Board of Directors shall determine, to the extent of available authorized but unissued shares in the authorized share capital of our company.

Our post-offering amended and restated memorandum of association also authorizes our Board of Directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

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

Our Board of Directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

**Anti-Takeover Provisions.** Some provisions of our post-offering amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our Board of Directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

**Exempted Company.** We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside the Cayman Islands may apply to be registered as an exempted company. The requirements for an

exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company.

### **Register of Members**

Under the Cayman Companies Law, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Companies Law, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of Cayman Companies Law to have legal title to the shares as set against its name in the register of members. Upon completion of this offering, we will perform the procedure necessary to immediately update the register of members to record and give effect to the issuance of shares by us to the Depositary (or its nominee) as the depositary. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is, without sufficient cause, incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

### **Differences in Corporate Law**

The Companies Law is modeled after that of English law, but does not follow many recent English law statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between

the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

**Mergers and Similar Arrangements.** A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the shareholders of each constituent company. A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court). The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies, *provided* that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

**Shareholders' Suits.** In principle, we will normally be the proper plaintiff, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

**Indemnification of Directors and Executive Officers and Limitation of Liability.** Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our post-offering amended and restated memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Directors' Fiduciary Duties.** Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties

to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

**Shareholder Action by Written Consent.** Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Law and our post-offering amended and restated articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

**Shareholder Proposals.** Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Law does not provide shareholders any right to put proposals before a meeting or requisition a general meeting. However, these rights may be provided in our articles of association. Our post-offering amended and restated articles of association allow our shareholders holding not less than ten percent (10%) of all voting power of our share capital in issue to requisition a shareholder's meeting. Other than this right to requisition a shareholders' meeting, our post-offering amended and restated articles of association do not provide our shareholders other right to put proposal before a meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our post-offering amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors.** Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding and issued shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering amended and restated articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) resigns his office by notice in writing to the company; (ii) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (iii) is found to be or becomes of unsound mind; (iv) is prohibited by law or Nasdaq rules from being a director; or (v) is removed from office pursuant to our post-offering amended and restated articles of association.

**Transactions with Interested Shareholders.** The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

**Dissolution; Winding up.** Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our post-offering amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

**Variation of Rights of Shares.** Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our post-offering amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

**Amendment of Governing Documents.** Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Law and our post-offering amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

**Rights of Nonresident or Foreign Shareholders.** There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there

are no provisions in our post-offering amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

## **History of Securities Issuances**

The following is a summary of our securities issuances since our inception.

### ***Ordinary Shares***

We issued one ordinary share on June 16, 2017, one share on August 8, 2017 and 748 shares on March 13, 2018. These 750 shares were subdivided into 750,000 ordinary shares upon a 1:1000 share split on March 13, 2018.

### ***Angel Shares***

On June 29, 2018, we issued a total of 915,750 angel-1 shares to Primus Investments Fund, L.P., Mayer Investments Fund, L.P. and Star Grove Global Limited for an aggregate consideration of US\$121.7 million, and we issued 513,000 angel-2 shares to Haode Investment Inc. for a consideration of US\$68.2 million.

### ***Preferred Shares***

On June 29, 2018, we issued a total of 544,688 Series A convertible redeemable preferred shares to Lucky Cup Holdings Limited, Joy Capital II, L.P., Joy Luck Management Limited, Galaxy Shine Limited, Haode Investment Inc. and Carob Investment Pte Ltd for an aggregate consideration of US\$200 million.

On November 15, 2018, we issued a total of 272,343 Series B convertible redeemable preferred shares to Fortunate Cup Holdings Limited, Joy Capital II, L.P., Honour Ample Limited, Joy Luck Management Limited, Carob Investment Pte Ltd and Blue Fortune Limited for an aggregate consideration of US\$200 million.

On January 9, 2019, we issued 6,809 Series B convertible redeemable preferred shares to Galaxy Shine Limited for a consideration of US\$5 million.

On April 17, 2019, we issued a total of 173,182 Series B-1 convertible redeemable preferred shares to Darsana Master Fund LP, Bel45 Private Opportunities Fund, L.P., Tango Capital Opportunities Fund, L.P., TSCL Private Markets Fund, L.P., NDSIB Private Opportunities Fund, L.P., BlackRock Private Opportunities Fund IV, L.P., BR POF IV Cayman Master Fund, L.P., High Rock Direct Fund, L.P., BlackRock MD Private Opportunities Fund, L.P., 1885 Private Opportunities Fund, L.P., NHRS Private Opportunities Fund, L.P., Sullivan Way Private Opportunities Fund, L.P., Coin Private Opportunities, L.P., POF III Scottish Master, L.P., BlackRock Inverwood Private Opportunities Fund, L.P., OV Private Opportunities, L.P., Red River Direct Investment Fund III, L.P., BR/ERB Co-Investment Fund II, L.P., BlackRock MSV Private Opportunities Fund, L.P., Private Equity Partners VII Master, L.P., Private Equity Partners VII US, L.P., BlackRock Private Opportunities Fund IV Master SCSp, Total Alternatives Fund—Private Equity LP and Total Alternatives Fund—Private Equity (B) LP for an aggregate consideration of US\$150.0 million.

### ***Investor Rights Agreement***

We entered into a Third Amended and Restated Investors' Rights Agreement with our shareholders on April 17, 2019. The investors' rights agreement provides certain preferential rights, including, among others, information rights, certain corporate governance rights, prohibition on transfer of shares and right of co-sale. These special rights will automatically terminate upon completion of this offering.

## **Registration Rights**

Pursuant to the Third Amended and Restated Investors' Rights Agreement dated April 17, 2019, we have granted certain registration rights to our shareholders. Such registration rights would terminate upon the earlier of (i) the date five (5) years after the closing of an IPO, or (ii) such time at which all registrable securities held by the preferred shareholder may be sold under Rule 144 of the Securities Act in any 90-day period. Set forth below is a description of the registration rights granted under the agreement.

*Registration Other Than on Form F-3 or Form S-3.* At any time or from time to time after the earlier of (i) the three (3) year anniversary of the effective date or (ii) the date that is six (6) months after the closing of the IPO, holder(s) together holding ten percent (10%) or more of the outstanding registrable securities held by all holders may request in writing that we effect a registration on any internationally recognized exchange that is reasonably acceptable to such requesting holder(s). Upon receipt of such a request, we shall use our best efforts to cause the registrable securities specified in the request, together with any registrable securities of any holder who requests in writing to join such registration, to be registered and/or qualified for sale and distribution in such jurisdiction as the initiating holders may request. We shall be obligated to effect no more than three (3) registrations that have been declared and ordered effective.

*Registration on Form F-3 or Form S-3.* If we qualify for registration on Form F-3 or Form S-3 (or any comparable form for registration in a jurisdiction other than the United States), holder(s) together holding five percent (5%) or more of the outstanding registrable securities held by all holders may request us to file, in any jurisdiction in which we has had a registered underwritten public offering, a registration statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the holders of, all of the registrable securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission. Upon receipt of such a request, we shall use our best efforts to cause the registrable securities specified in the request, together with any registrable securities of any holder who requests in writing to join such registration, to be registered and qualified for sale and distribution in such jurisdiction. We shall be obligated to effect no more than two (2) registration that have been declared and ordered effective within any twelve (12)-month period.

*Right of Deferral.* However, we are not obligated to register or qualify registrable securities if we have, within the six-month period preceding the date of such request, in good faith our best efforts, effected a registration (other than a registration of securities in a transaction under Rule 145 of the Securities Act on with respect to an employee benefit plan) under the Securities Act pursuant to the exercise of the holders' demand registration rights, or in which the holders had an opportunity to participate in the piggyback registration, unless the registrable securities of the holders were excluded from such registration. We have the right to defer filing of a registration statement for up to 90 days if the filing of a registration statement would be materially detrimental to us and our shareholders, but we cannot exercise this right and/or the deferral right more than once in any 12-month period.

*Piggyback Registration Rights.* If we propose to file a registration statement under the Securities Act for purposes of effecting a public offering of our securities, we must use our best effort to afford holders of registrable securities an opportunity to include in that registration all or any part of their registrable securities then held. We have the right to terminate or withdraw any registration initiated by us under the piggyback registration rights prior to the effectiveness of such registration whether or not any holder has elected to include securities in such registration.

*Expenses of Registration.* We will pay all expenses relating to registration, filings or qualifications, with certain limited exception.

## **Share Options**

We have granted options to purchase our ordinary shares to certain of our directors, executive officers and employees. See "Management—Share Incentive Plan."

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent        shares (or a right to receive        shares) deposited with The HongKong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive offices are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying the ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. For directions on how to obtain copies of those documents, see "Where You Can Find Additional Information."

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares the ADSs represent.

**Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

**Shares.** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

**Other Distributions.** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

## **Deposit, Withdrawal and Cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

***How can ADS holders withdraw the deposited securities?***

You may surrender ADSs for the purpose of withdrawal at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

**Voting Rights**

***How do you vote?***

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender the ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least [30] days in advance of the meeting date.

**Fees and Expenses**

<b>Persons depositing or withdrawing shares or ADS holders must pay:</b>	<b>For:</b>
<ul style="list-style-type: none"> <li>• US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)</li>   <li>• US\$.05 (or less) per ADS</li>   <li>• A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs</li>   <li>• US\$.05 (or less) per ADS per calendar year</li>   <li>• Registration or transfer fees</li>   <li>• Expenses of the depositary</li>   <li>• Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes</li>   <li>• Any charges incurred by the depositary or its agents for servicing the deposited securities</li> </ul>	<ul style="list-style-type: none"> <li>• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property</li>   <li>• Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</li>   <li>• Any cash distribution to ADS holders</li>   <li>• Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders</li>   <li>• Depositary services</li>   <li>• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares</li>   <li>• Cable and facsimile transmissions (when expressly provided in the deposit agreement)</li>   <li>• Converting foreign currency to U.S. dollars</li>   <li>• As necessary</li>   <li>• As necessary</li> </ul>

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on the ADSs or on the deposited securities represented by any of the ADSs. The depositary may refuse to register any transfer of the ADSs or allow you to withdraw the deposited securities represented by the ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by the ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

### **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a subdivision, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

## Amendment and Termination

### *How may the deposit agreement be amended?*

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold the ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

### *How may the deposit agreement be terminated?*

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange on which they were listed and do not list the ADSs on another exchange;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reserve previous transactions of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

## Limitations on Obligations and Liability

### *Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs*

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith; and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;

- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person; and
- the depository has no duty to make any determination or provide any information as to our tax status. Neither the depository nor we shall have any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

### **Requirements for Depository Actions**

Before the depository will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository or we think it advisable to do so.

### **Your Right to Receive the Shares Underlying the ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depository has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

### **Shareholder Communications; Inspection of Register of Holders of ADSs**

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

### **Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depository's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering and the concurrent private placement to Louis Dreyfus Company B.V., ADSs will be outstanding, representing Class A ordinary shares, or approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and while the ADSs have been approved for listing on the NASDAQ, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by ADSs.

### Lockup Agreements

We, our directors, executive officers, all of our existing shareholders and option holders and our concurrent private placement investor have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any ADSs, or any securities convertible into or exchangeable or exercisable for ADSs, for a period of 180 days after the date of this prospectus. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, executive officers and our existing shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

### Rule 144

All of our ordinary shares outstanding prior to this offering are "restricted shares" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements. Under Rule 144 as currently in effect, a person who has beneficially owned our restricted shares for at least six months is generally entitled to sell the restricted securities without registration under the Securities Act beginning 90 days after the date of this prospectus, subject to certain additional restrictions.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which will equal approximately Class A ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs, and the issuance of Class A ordinary shares in connection with the concurrent private placement to Louis Dreyfus Company B.V.; or
- the average weekly trading volume of our Class A ordinary shares in the form of ADSs or otherwise on the NASDAQ during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they are also subject to notice requirements and the availability of current public information about us.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of current public information about us, and this additional restriction does not apply if they have beneficially owned our restricted shares for more than one year.

**Rule 701**

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock or option plan or other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

**Registration Rights**

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lockup agreements described above. See "Description of Share Capital—History of Securities Issuances—Registration Rights."

## TAXATION

*The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers Dill & Pearman, our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of King & Wood Mallesons, our PRC legal counsel.*

### **Cayman Islands Taxation**

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

Payments of dividends and capital in respect of the ADSs or ordinary shares are not subject to taxation in the Cayman Islands and no withholding is required on the payment of a dividend or capital to any holder of the ADSs or ordinary shares, nor are gains derived from the disposal of the ADSs or ordinary shares subject to Cayman Islands income or corporation tax.

### **People's Republic of China Taxation**

Under the PRC EIT Law, which became effective on January 1, 2008 and amended on February 24, 2017, an enterprise established outside the PRC with "*de facto* management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the PRC 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 properties of an enterprise.

In addition, the SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: (a) senior management personnel and departments that are responsible for daily production, operation and management; (b) financial and personnel decision-making bodies; (c) key properties, accounting books, company seal, minutes of board meetings and shareholders' meetings; and (d) half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on resident status and administration on post-determination matters. Our company is incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe our other entities outside China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "*de facto* management body." There

can be no assurance that the PRC government will ultimately take a view that is consistent with our position. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders) if such dividends are deemed to be sourced within the PRC. In addition, non-PRC resident enterprise shareholders (including the ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares at a rate of 10%, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us) if such dividends or gains are deemed to be sourced within the PRC. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See "Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders."

## **U.S. Federal Income Tax Consideration**

The following are material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire ADSs or ordinary shares.

This discussion applies only to a U.S. Holder that acquires the ADSs in this offering and holds the ADSs or underlying ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including any alternative minimum or Medicare contribution tax consequences and any tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or ordinary shares as part of a straddle, conversion transaction, integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own 10% or more of our stock by vote or value; or
- persons holding ADSs or ordinary shares in connection with a trade or business outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or ordinary shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of ADSs or ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations,

and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. [This discussion is also based, in part, on representations by the Depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.]

As used herein, a "U.S. Holder" is a beneficial owner of ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder who owns ADSs will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or ordinary shares in their particular circumstances.

### ***Taxation of Distributions***

Except as described below under "—Passive Foreign Investment Company Rules," distributions paid on ADSs or ordinary shares, other than certain pro rata distributions of ADSs or ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at a favorable rate. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these favorable rates in their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depositary's, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in "—People's Republic of China Taxation," dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable Treaty rate in the case of a U.S. Holder that is eligible for the benefits of the Treaty) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign tax credits in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable

limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year.

### ***Sale or Other Taxable Disposition of ADSs or Ordinary Shares***

Except as described below under "—Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or other taxable disposition and the U.S. Holder's tax basis in such ADSs or ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders may be subject to a tax rate that is lower than the rate applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in "—People's Republic of China Taxation," gains on the sale of ADSs or ordinary shares may be subject to PRC taxes. A U.S. Holder is entitled to use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. Because under the Code capital gains of U.S. persons are generally treated as U.S.-source income, this limitation may preclude a U.S. Holder from claiming a credit for all or a portion of any PRC taxes imposed on any such gains. However, U.S. Holders that are eligible for the benefits of the Treaty may be able to elect to treat the gain as PRC-source and therefore claim foreign tax credits in respect of PRC taxes on such disposition gains. U.S. Holders should consult their tax advisers regarding their eligibility for the benefits of the Treaty and the creditability of any PRC tax on disposition gains in their particular circumstances.

### ***Passive Foreign Investment Company Rules***

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a passive asset for these purposes. Goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income.

Based on the expected composition of our income and assets and the value of our assets, including goodwill, which is based on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, it is not entirely clear how the contractual arrangements between us and our VIE will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIE is not treated as owned by us. Because the treatment of our contractual arrangements with our VIE is not entirely clear, because we will hold a substantial amount of cash following this offering and because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile), there can be no assurance that we will not be a PFIC for our current or any future taxable year.

If we are a PFIC for any taxable year and any of our subsidiaries, VIEs or other companies in which we own or are treated as owning equity interests were also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules

described in the subsequent paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders did not receive the proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder holds ADSs or ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or ordinary shares would be allocated ratably over that U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any year on its ADSs or ordinary shares exceed 125% of the average of the annual distributions on the ADSs or ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, such distributions would be subject to taxation in the same manner.

Alternatively, if we are a PFIC and if the ADSs are "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs would be treated as "regularly traded" for any calendar year in which more than a de minimis quantity of the ADSs were traded on a qualified exchange on at least 15 days during each calendar quarter. The NASDAQ, where ADSs are expected to be listed, is a qualified exchange for this purpose. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "*Taxation of Distributions*" above. U.S. Holders will not be able to make a mark-to-market election with respect to Lower-tier PFICs, if any.

If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns ADSs or ordinary shares, even if we cease to meet the threshold requirements for PFIC status.

If we are a PFIC for any taxable year during which a U.S. Holder owned any ADSs or ordinary shares, the U.S. Holder would generally be required to file annual reports with the Internal Revenue Service, or IRS.

In addition, if we are a PFIC (or with respect to a particular U.S. Holder are treated as a PFIC) for a taxable year in which we paid a dividend or for the prior taxable year, the favorable tax rate described above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or ordinary shares.

***Information Reporting and Backup Withholding***

In general, payments of dividends and proceeds from the sale or other disposition of ADSs or ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ordinary shares, or non-U.S. accounts through which ADSs or ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to ADSs and ordinary shares.

## UNDERWRITING

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC is acting as representative, the following respective numbers of ADSs:

<u>Underwriter</u>	<u>Number of ADSs</u>
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. LLC	
China International Capital Corporation Hong Kong Securities Limited	
Haitong International Securities Company Limited	
<b>Total</b>	

The underwriters and the representative are referred to as the "underwriters" and the "representative," respectively. The underwriting agreement provides that the underwriters are obligated to purchase all the ADSs in the offering if any are purchased, other than those ADSs covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

Louis Dreyfus Company B.V. has agreed, in connection with and subject to the completion of this offering, to purchase from us US\$50 million in Class A ordinary shares at a price per share equal to the initial public offering price adjusted to reflect the post offering ADS-to-Class A ordinary share ratio. Based on an assumed initial public offering price of US\$ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, the investor will purchase Class A ordinary shares from us. Our proposed issuance and sale of Class A ordinary shares to this investor is being made through private placement pursuant to an exemption from registration with the U.S. Securities and Exchange Commission under Regulation S of the Securities Act.

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase on a pro rata basis up to additional ADSs from us at the initial public offering price less the underwriting discounts and commissions. Any ADSs issued or sold under the option will be issued and sold on the same terms and conditions as the other ADSs that are the subject of this offering. The option may be exercised only to cover any over-allotments of ADSs.

ADSs sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ per ADS. If all the ADSs are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by us	US\$	US\$	US\$	US\$
Expenses payable by us	US\$	US\$	US\$	US\$

We have agreed to reimburse the underwriters for certain out-of-pocket expenses of the underwriters, in an aggregate amount not to exceed US\$ .

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any ADSs or ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representative for a period of 180 days after the date of this prospectus.

Each of our directors, executive officers, existing shareholders, our concurrent private placement investor and option holders have agreed, subject to certain exceptions, that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any ordinary shares, ADSs or securities convertible into or exchangeable or exercisable for any ordinary shares or ADSs, enter into a transaction that would have the same effect, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position in any ADSs or ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or ordinary shares, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of ADSs or ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or ordinary shares, whether any of these transactions are to be settled by delivery of ordinary shares, ADSs or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, to establish, increase, liquidate or decrease any such position, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representative for a period of 180 days after the date of this prospectus.

In addition, through a letter agreement, we will instruct The Bank of New York Mellon, as depositary, not to accept any deposit of any ordinary shares or issue any ADSs for 180 days after the date of this prospectus unless we consent to such deposit or issuance. We have also agreed not to provide such consent without the prior written consent of the representative. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares.

Prior to this offering, there has been no public market for the ADSs. Consequently, the initial public offering price for the ADSs will be determined by negotiations between us and the representative. Among the factors to be considered in determining the initial public offering price are our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. Neither we nor the underwriters can assure investors that an active trading market will develop for our ADSs, or that our ADSs will trade in the public market at or above the initial public offering price.

We have applied to have the ADSs listed on the Nasdaq Global Select Market under the symbol "LK."

In order to facilitate the offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell

more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing our ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ADSs in the open market to stabilize the price of the ADSs. These activities may raise or maintain the market price of the ADSs above independent market levels or prevent or retard a decline in the market price of the ADSs. The underwriters are not required to engage in these activities and may end any of these activities at any time.

All sales of ADSs in the United States will be made through United States registered broker-dealers. Sales of ADSs made outside the United States may be made by affiliates of the underwriters. China International Capital Corporation Hong Kong Securities Limited is not a broker-dealer registered with the SEC. Therefore, to the extent China International Capital Corporation Hong Kong Securities Limited intends to make any offers or sales of ADSs in the United States, it will do so only through one or more SEC-registered broker-dealers in compliance with the applicable securities laws and regulations. Haitong International Securities Company Limited will offer the ADSs in the United States through its SEC-registered broker-dealer affiliate in the United States, Haitong International Securities (USA) Inc. A prospectus in electronic format will be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representative may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

### **Conflicts of Interest**

The underwriters and their respective affiliates are full service financial institutions 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. Certain of the underwriters and their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In addition, in the ordinary course of their various business activities, the underwriters 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 (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Notice to Investors**

***Notice to Prospective Investors in the European Economic Area***

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of ADSs described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of ADSs shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of securities to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe for the ADSs, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the ADSs have not authorized and do not authorize the making of any offer of ADSs through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the ADSs as contemplated in this prospectus. Accordingly, no purchaser of the ADSs, other than the underwriters, is authorized to make any further offer of the ADSs on behalf of the sellers or the underwriters.

***Notice to Prospective Investors in the United Kingdom***

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

***Notice to Prospective Investors in France***

Neither this prospectus nor any other offering material relating to the ADSs described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to

the Autorité des Marchés Financiers. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ADSs has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the ADSs to the public in France.
- Such offers, sales and distributions will be made in France only:
- to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l'épargne).

The ADSs may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

#### ***Notice to Prospective Investors in Switzerland***

This document, as well as any other offering or marketing material relating to the ADSs which are the subject of the offering contemplated by this prospectus, neither constitutes a prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Federal Act on Collective Investment Schemes. Neither the ADSs nor the shares underlying the ADSs will be listed on the SIX Swiss Exchange and, therefore, the documents relating to the ADSs, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The ADSs are being offered in Switzerland by way of a private placement, i.e. to a small number of selected investors only, without any public offer and only to investors who do not purchase the ADSs with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the ADSs, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the ADSs in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

#### ***Notice to Prospective Investors in Australia***

This prospectus is not a formal disclosure document and has not been, nor will be, lodged with the Australian Securities and Investments Commission. It does not purport to contain all information that an investor or their professional advisers would expect to find in a prospectus or other disclosure document (as defined in the Corporations Act 2001 (Australia)) for the purposes of Part 6D.2 of the Corporations Act 2001 (Australia) or in a product disclosure statement for the purposes of Part 7.9 of the Corporations Act 2001 (Australia), in either case, in relation to the ADSs.

The ADSs are not being offered in Australia to "retail clients" as defined in sections 761G and 761GA of the Corporations Act 2001 (Australia). This offering is being made in Australia solely to "wholesale clients" for the purposes of section 761G of the Corporations Act 2001 (Australia) and, as such, no prospectus, product disclosure statement or other disclosure document in relation to the securities has been, or will be, prepared.

This prospectus does not constitute an offer in Australia other than to wholesale clients. By submitting an application for the ADSs, you represent and warrant to us that you are a wholesale client for the purposes of section 761G of the Corporations Act 2001 (Australia). If any recipient of this prospectus is not a wholesale client, no offer of, or invitation to apply for, the ADSs shall be deemed to be made to such recipient and no applications for the ADSs will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient. In addition, by applying for the ADSs you undertake to us that, for a period of 12 months from the date of issue of the ADSs, you will not transfer any interest in the ADSs to any person in Australia other than to a wholesale client.

***Notice to Prospective Investors in Hong Kong***

The ADSs may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

***Notice to Prospective Investors in Japan***

The ADSs offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

***Notice to Prospective Investors in South Korea***

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to the applicable laws and regulations of South Korea, including the South Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of South Korea for public offering in South Korea.

Furthermore, the ADSs may not be resold to South Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government

approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

***Notice to Prospective Investors in Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than US\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

***Notice to Prospective Investors in Canada***

The ADSs may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The

purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Notice to Prospective Investors in the Cayman Islands***

This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. ADSs or ordinary shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Cayman Islands.

***Notice to Prospective Investors in Bermuda***

ADSs may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

***Notice to Prospective Investors in the British Virgin Islands***

The ADSs are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of our company. The ADSs may be offered to companies incorporated under the British Virgin Islands Business Companies Act, 2004, or BVI Companies, but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

***Notice to Prospective Investors in Malaysia***

No prospectus or other offering material or document in connection with the offer and sale of the securities has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the securities as principal, if the offer is on terms that the securities may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the securities is made by a holder of

a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

***Notice to Prospective Investors in the PRC***

This prospectus has not been and will not be circulated or distributed in the PRC, and the ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any residents of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan, Hong Kong or Macau.

***Notice to Prospective Investors in Taiwan***

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

***Notice to Prospective Investors in Qatar***

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

***Notice to Prospective Investors in Kuwait***

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds", its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait. Investors in Kuwait who approach us or any of the underwriters to obtain copies of this prospectus are required by us and the underwriters to keep such prospectus confidential and not to make copies thereof nor distribute the same to any other person in Kuwait and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the ADSs.

***Notice to Prospective Investors in the United Arab Emirates***

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the

United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

***Notice to Investors in the Dubai International Financial Centre***

This document relates to an Exempt Offer, as defined in the Offered Securities Rules module of the DFSA Rulebook, or the OSR, in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to Persons, as defined in the OSR, of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this document you should consult an authorized financial adviser.

***Notice to Prospective Investors in Saudi Arabia***

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

***Notice to Prospective Investors in Israel***

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus may be distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds; provident funds; insurance companies; banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange Ltd., underwriters, each purchasing for their own account; venture capital funds; entities with equity in excess of NIS 50 million and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors shall be required to submit written confirmation that they fall within the scope of the Addendum.

**EXPENSES RELATING TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and the NASDAQ listing fee, all amounts are estimates.

SEC Registration Fee	US\$
NASDAQ Listing Fee	US\$
FINRA Filing Fee	US\$
Printing and Engraving Expenses	US\$
Legal Fees and Expenses	US\$
Accounting Fees and Expenses	US\$
Miscellaneous	US\$
Total	US\$

## LEGAL MATTERS

We are being represented by Davis Polk & Wardwell LLP with respect to certain legal matters of U.S. federal securities and New York state law. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon to the underwriters by Cleary Gottlieb Steen & Hamilton LLP. The validity of the Class A ordinary shares represented by the ADSs offered in this offering and other certain legal matters as to Cayman Islands law will be passed upon for us by Conyers Dill & Pearman. Legal matters as to PRC law will be passed upon for us by King & Wood Mallesons and for the underwriters by Jingtian & Gongcheng. Davis Polk & Wardwell LLP may rely upon Conyers Dill & Pearman with respect to matters governed by Cayman Islands law and King & Wood Mallesons with respect to matters governed by PRC law. Cleary Gottlieb Steen & Hamilton LLP may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law.

## EXPERTS

The consolidated financial statements of Luckin Coffee Inc. at December 31, 2017 and 2018, and for the period from June 16, 2017 (inception date) to December 31, 2017 and the year ended December 31, 2018 appearing in this prospectus and Registration Statement have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

The registered business address of Ernst & Young Hua Ming LLP is located at Level 16, Ernst & Young Tower Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China.

## **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to underlying Class A ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 to which this prospectus is a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov) and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Luckin Coffee Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Luckin Coffee Inc. (the "Company") as of December 31, 2017 and 2018, the related consolidated statements of comprehensive loss, shareholders' deficits and cash flows for the period from June 16, 2017 (date of inception) through December 31, 2017 and the year ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2018, and the results of its operations and its cash flows for the period from June 16, 2017 (date of inception) through December 31, 2017 and the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

**Basis for Opinion**

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

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

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

/s/ Ernst & Young Hua Ming LLP

We have served as the Company's auditor since 2019.  
Shanghai, the People's Republic of China  
February 22, 2019

LUCKIN COFFEE INC.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"), except for number of shares)

	Notes	As of December 31,		
		2017 RMB	2018 RMB	US\$
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents		219,096	1,630,983	243,024
Short-term investments	4	—	130,000	19,371
Receivables from online payment platforms		12	4,609	687
Inventories	6	3,396	150,015	22,353
Prepaid expenses and other current assets	5	36,604	365,510	54,463
Amount due from a related party	13	—	147,559	21,987
<b>Total current assets</b>		<b>259,108</b>	<b>2,428,676</b>	<b>361,885</b>
<b>Non-current assets:</b>				
Property and equipment, net	7	39,118	904,992	134,848
Other non-current assets	8	38,730	151,408	22,560
<b>Total non-current assets</b>		<b>77,848</b>	<b>1,056,400</b>	<b>157,408</b>
<b>Total assets</b>		<b>336,956</b>	<b>3,485,076</b>	<b>519,293</b>
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICITS</b>				
<b>Current liabilities:</b>				
Short-term bank borrowing	9	—	8,000	1,192
Current portion of long-term borrowing	9	—	72,787	10,846
Capital lease obligation	7	—	108,664	16,191
Accounts payable		—	176,704	26,330
Accrued expenses and other liabilities	10	6,076	371,017	55,284
Amounts due to related parties	13	382,219	24,198	3,606
Warrant liability	9	—	19,520	2,909
<b>Total current liabilities</b>		<b>388,295</b>	<b>780,890</b>	<b>116,358</b>
<b>Non-current liabilities:</b>				
Long-term borrowing	9	—	226,969	33,819
Deferred revenues		32	126,469	18,844
<b>Total non-current liabilities</b>		<b>32</b>	<b>353,438</b>	<b>52,663</b>
<b>Total liabilities</b>		<b>388,327</b>	<b>1,134,328</b>	<b>169,021</b>
<b>Commitments and contingencies</b>	19			

LUCKIN COFFEE INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares)

	Notes	As of December 31,			Pro forma shareholders' deficits as of December 31,	
		2017	2018		2018	
		RMB	RMB	US\$	(Unaudited) RMB	(Unaudited) US\$
<b>Mezzanine equity:</b>						
Series A convertible redeemable preferred shares (US\$0.001 par value; nil and 2,000,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 544,688 issued and outstanding as of December 31, 2017 and 2018, respectively)	15	—	2,113,347	314,899	—	—
Series B convertible redeemable preferred shares (US\$0.001 par value; nil and 1,000,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 272,343 issued and outstanding as of December 31, 2017 and 2018, respectively)	15	—	2,164,994	322,594	—	—
<b>Total mezzanine equity</b>		—	<b>4,278,341</b>	<b>637,493</b>	—	—
<b>Shareholders' deficits:</b>						
Class B ordinary shares	17	—	—	—	21	3
Ordinary shares (US\$0.001 par value; 45,400,000 shares authorized; 750,000 and 750,000 issued and outstanding as of December 31, 2017 and 2018, respectively)	16	—	—	—	—	—
Angel-1 shares (US\$0.001 par value; nil and 1,000,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 915,750 issued and outstanding as of December 31, 2017 and 2018, respectively)	16	—	743,376	110,766	—	—
Angel-2 shares (US\$0.001 par value; nil and 600,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 513,000 issued and outstanding as of December 31, 2017 and 2018, respectively) (Angel-1 shares and Angel-2 shares, collectively "Angel Shares")	16	—	512,812	76,411	—	—
Additional paid-in capital		5,000	65,000	9,685	5,599,508	834,352
Accumulated deficits		(56,371)	(3,246,705)	(483,774)	(3,246,705)	(483,774)
Accumulated other comprehensive loss	11	—	(2,076)	(309)	(2,076)	(309)
<b>Total shareholders' deficits</b>		<b>(51,371)</b>	<b>(1,927,593)</b>	<b>(287,221)</b>	<b>2,350,748</b>	<b>350,272</b>
<b>Total liabilities, mezzanine equity and shareholders' deficits</b>		<b>336,956</b>	<b>3,485,076</b>	<b>519,293</b>		

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

LUCKIN COFFEE INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

	Notes	For the period from June 16 (date of inception) through		For the year ended	
		December 31,		December 31,	
		2017	2018	RMB	US\$
		RMB	RMB	US\$	
<b>Net revenues:</b>					
Freshly brewed drinks		215	649,609	96,795	
Other products		25	135,642	20,211	
Others		10	55,444	8,261	
<b>Total net revenues</b>		<b>250</b>	<b>840,695</b>	<b>125,267</b>	
Cost of materials		(789)	(532,217)	(79,303)	
Store rental and other operating costs		(1,559)	(576,244)	(85,863)	
Depreciation expenses		(917)	(106,690)	(15,897)	
Sales and marketing expenses		(25,464)	(746,018)	(111,160)	
General and administrative expenses		(22,005)	(379,738)	(56,583)	
Store preopening and other expenses		(5,723)	(97,794)	(14,572)	
<b>Total operating expenses</b>		<b>(56,457)</b>	<b>(2,438,701)</b>	<b>(363,378)</b>	
<b>Operating loss</b>		<b>(56,207)</b>	<b>(1,598,006)</b>	<b>(238,111)</b>	
Interest income		11	8,915	1,328	
Interest and financing expenses		—	(16,121)	(2,402)	
Foreign exchange (loss) gain, net		(175)	13,113	1,954	
Other expenses		—	(7,777)	(1,159)	
Change in the fair value of warrant liability	18	—	(19,276)	(2,872)	
<b>Net loss before income taxes</b>		<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	
Income tax expense	12	—	—	—	
<b>Net loss</b>		<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>	
Add: accretion to redemption value of convertible redeemable preferred shares	15	—	(1,571,182)	(234,113)	
<b>Net loss attributable to the Company's ordinary shareholders and angel shareholders</b>		<b>(56,371)</b>	<b>(3,190,334)</b>	<b>(475,375)</b>	
<b>Loss per share:</b>					
Ordinary shares—basic and diluted	17	(75.16)	(2,158.44)	(321.62)	
Angel Shares—basic and diluted	17	—	(2,158.44)	(321.62)	
<b>Weighted average shares outstanding used in calculating basic and diluted loss per share:</b>					
Ordinary shares—basic and diluted	17	750,000	750,000	750,000	
Angel Shares—basic and diluted	17	—	728,075	728,075	
<b>Pro forma loss per share:</b>					
Basic	17	—	(1.81)	(0.27)	
Diluted	17	—	(1.81)	(0.27)	
<b>Weighted average number of ordinary shares used in pro forma loss per share computation:</b>					
Basic	17	—	895,355,500	895,355,500	
Diluted	17	—	895,355,500	895,355,500	
<b>Other comprehensive loss, net of tax of nil:</b>					
Foreign currency translation difference, net of tax of nil	11	—	(2,076)	(309)	
<b>Total comprehensive loss</b>	11	<b>(56,371)</b>	<b>(3,192,410)</b>	<b>(475,684)</b>	

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

**LUCKIN COFFEE INC.**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICITS**

(Amounts in thousands of RMB and US\$, except for number of shares)

	Notes	Ordinary shares		Angel Shares		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficits	Total shareholders' deficits
		Shares	Amount	Shares	Amount				
<b>Balance as of June 16, 2017 (date of inception)</b>		—	—	—	—	—	—	—	—
Net loss		—	—	—	—	—	—	(56,371)	(56,371)
Contribution by shareholders		—	—	—	—	5,000	—	—	5,000
Issuance of ordinary shares	16	750,000	—	—	—	—	—	—	—
<b>Balance as of December 31, 2017</b>		<u>750,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,000</u>	<u>—</u>	<u>(56,371)</u>	<u>(51,371)</u>
Net loss		—	—	—	—	—	—	(1,619,152)	(1,619,152)
Foreign currency translation difference		—	—	—	—	—	(2,076)	—	(2,076)
Contribution by shareholders		—	—	—	—	60,000	—	—	60,000
Issuance of Angel Shares		—	—	1,428,750	1,256,188	—	—	—	1,256,188
Accretion to redemption value of convertible redeemable preferred shares	15	—	—	—	—	—	—	(1,571,182)	(1,571,182)
<b>Balance as of December 31, 2018</b>		<u>750,000</u>	<u>—</u>	<u>1,428,750</u>	<u>1,256,188</u>	<u>65,000</u>	<u>(2,076)</u>	<u>(3,246,705)</u>	<u>(1,927,593)</u>
<b>Balance as of December 31, 2018 (US\$)</b>			<u>—</u>		<u>187,177</u>	<u>9,685</u>	<u>(309)</u>	<u>(483,774)</u>	<u>(287,221)</u>

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

LUCKIN COFFEE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of RMB and US\$, except for number of shares)

	For the period from June 16 (date of inception) through December 31,		For the year ended December 31,	
	2017		2018	
	RMB	RMB	US\$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	(56,371)	(1,619,152)	(241,262)	
Adjustments to reconcile net loss to net cash provided by operating activities:				
Foreign exchange loss, net	175	25,101	3,740	
Depreciation expenses	917	106,690	15,897	
Change in the fair value of warrant liability	—	19,276	2,872	
Interest and financing expenses	—	8,074	1,203	
Changes in operating assets and liabilities:				
Inventories	(3,396)	(146,619)	(21,847)	
Receivables from online payment platforms	(12)	(4,597)	(685)	
Prepaid expenses and other current assets	(36,604)	(311,355)	(46,392)	
Other non-current assets	(5,843)	(76,582)	(11,411)	
Accounts payable	—	176,704	26,330	
Accrued expenses and other liabilities	6,076	361,131	53,812	
Amounts due to related parties	—	24,198	3,606	
Deferred revenues	32	126,437	18,840	
<b>Net cash used in operating activities</b>	<b>(95,026)</b>	<b>(1,310,694)</b>	<b>(195,297)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	(72,922)	(1,005,659)	(149,848)	
Payments for short-term investments	—	(3,666,960)	(546,394)	
Proceeds received from maturity of short-term investments	—	3,536,960	527,023	
Loan to a related party	—	(147,559)	(21,987)	
<b>Net cash used in investing activities</b>	<b>(72,922)</b>	<b>(1,283,218)</b>	<b>(191,206)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of Angel Shares	—	890,913	132,750	
Proceeds from issuance of Series A convertible redeemable preferred shares, net of issuance costs	—	1,318,075	196,399	
Proceeds from issuance of Series B convertible redeemable preferred shares, net of issuance costs	—	1,387,421	206,732	
Proceeds from short-term bank and other borrowings	—	180,868	26,950	
Capital lease payments	—	(68,325)	(10,181)	
Deposit for capital lease	—	(17,550)	(2,615)	
Proceeds from long-term borrowing	—	300,000	44,701	
Deposit for long-term borrowing	—	(3,000)	(447)	
Loans from related parties	382,219	—	—	
Repayments of loans from related parties	—	(60,000)	(8,940)	
Contribution from ordinary shareholders	5,000	60,000	8,940	
<b>Net cash generated from financing activities</b>	<b>387,219</b>	<b>3,988,402</b>	<b>594,289</b>	
Effect of foreign exchange rate changes on cash and cash equivalents	(175)	17,397	2,592	
Net increase in cash and cash equivalents	219,096	1,411,887	210,378	
Cash and cash equivalents at beginning of period/year	—	219,096	32,646	
<b>Cash and cash equivalents at end of period/year</b>	<b>219,096</b>	<b>1,630,983</b>	<b>243,024</b>	
<b>Supplemental disclosures of cash flow information:</b>				
Interests received	11	8,459	1,260	
Interests paid, net of capitalization	—	(8,047)	(1,199)	
<b>Supplemental disclosures of non-cash activities:</b>				
Purchase of property and equipment included in accrued expenses and other liabilities	—	(119,995)	(17,880)	
Purchase of property and equipment through capital lease	—	(108,664)	(16,191)	
Issuance of Angel Shares transferred from loans from angel shareholders	—	322,219	48,012	

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

**LUCKIN COFFEE INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in thousands of RMB and US\$, except for number of shares and per share data)**

**1. ORGANIZATION**

Luckin Coffee Inc. (the "Company") was incorporated in the Cayman Islands on June 16, 2017 under the Cayman Islands Companies Law as an exempted company with limited liability. The Company through its consolidated subsidiaries and variable interest entity (the "VIE") (collectively, the "Group") are principally engaged in the provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items in the People's Republic of China (the "PRC" or "China").

(a) As of the date of this report, the details of the Company's principal subsidiaries and VIE are as follows:

Entity	Date of incorporation	Place of incorporation	Percentage of direct or indirect ownership by the Company		Principal activities
			Direct	Indirect	
<i>Subsidiaries:</i>					
Luckin Coffee Investment Inc. ("Luckin BVI")	June 16, 2017	British Virgin Islands	100%	—	Investment holding
Luckin Coffee (Hong Kong) Limited ("Luckin HK")	June 19, 2017	Hong Kong	100%	—	Investment holding
Luckin Coffee E-commerce (Pingtan) Co., Ltd. <sup>(1)</sup>	October 27, 2017	PRC	100%	—	Provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items
Beijing Luckin Coffee Co., Ltd. ("Beijing WFOE") <sup>(1)(2)</sup>	October 31, 2017	PRC	100%	—	Provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items and technical and consultation services
Tianjin Luckin Coffee Co., Ltd. ("Luckin TJ") <sup>(1)</sup>	December 7, 2017	PRC	100%	—	Provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items
Luckin Coffee Group Co., Ltd. ("China Luckin") <sup>(1)(2)</sup>	March 28, 2018	PRC	100%	—	Provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items
Luckin Coffee Roasting (Tianjin) Co., Ltd. <sup>(1)(3)</sup>	May 9, 2018	PRC	80%	—	Provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items
<i>Variable Interest Entity:</i>					
Beijing Luckin Coffee Technology Co., Ltd. ("Luckin Tech")	June 14, 2017	PRC	—	100%	Online platform operator

(1) Collectively, the "PRC subsidiaries".

(2) On July 27, 2018, Beijing WFOE transferred all its 100% equity interest in its subsidiaries to China Luckin for the share capital of these companies under common control.

(3) This entity has not commenced operation as of December 31, 2018.

(b) PRC laws and regulations prohibit foreign ownership in certain telecommunication related businesses. To comply with these foreign ownership restrictions, the Group conducts its businesses

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

1. ORGANIZATION (Continued)

in the PRC through the online platform held by the VIE. Despite the lack of technical majority ownership, the Company has effective control of the VIE through a series of contractual agreements (the "VIE Agreements") and a parent-subsidiary relationship exists between the Company and the VIE. The equity interest of the VIE is legally held by PRC individuals (the "Nominee Shareholders"). Through the VIE Agreements, the Nominee Shareholders of the VIE effectively assign all their voting rights underlying their equity interests in the VIE to the Company, and therefore, the Company has the power to direct the activities of the VIE that most significantly impact the economic performance. The Company also has the right to receive economic benefits and obligations to absorb losses from the VIE that potentially could be significant to the VIE. Based on the above, the Company consolidates the VIE in accordance with SEC Regulation S-X Rule 3A-02 and Accounting Standards Codification ("ASC") topic 810-10 ("ASC 810-10"), *Consolidation: Overall*.

The financial position and the operating results of the VIE as of December 31, 2017 and 2018 and for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018 were immaterial to the Group.

The following is a summary of the key VIE Agreements:

*Exclusive Option Agreement*

Pursuant to the Exclusive Option Agreement entered into amongst the VIE, the Nominee Shareholders and Beijing WFOE, the Nominee Shareholders granted Beijing WFOE or its designated party, an irrevocable and exclusive right to purchase all or part of the equity interests held by the Nominee Shareholders in the VIE at its sole discretion, to the extent permitted under the PRC laws, at an amount equal to the minimum consideration permitted under the applicable PRC law and administrative regulations. Any proceeds received by the Nominee Shareholders from the exercise of the options shall be remitted to Beijing WFOE or its designated party, to the extent permitted under PRC laws. In addition, the VIE and the Nominee Shareholders have agreed that without prior written consent of the Beijing WFOE, they will not create any pledge or encumbrance on their equity interests in the VIE, or transfer or otherwise dispose of their equity interests in the VIE. The term of the agreement remains effective as long as each Nominee Shareholder remains as a shareholder of the VIE. Beijing WFOE may terminate the agreement at its sole discretion, whereas under no circumstances may the VIE or the Nominee Shareholders terminate the agreement.

*Share Pledge Agreement*

Pursuant to the Share Pledge Agreement entered into amongst Beijing WFOE, the VIE, and the Nominee Shareholders, the Nominee Shareholders pledged all of their equity interests in the VIE to Beijing WFOE as collateral to secure their obligations. Beijing WFOE shall have the right to collect dividends generated by the pledged shares during the term of the pledge. If the VIE or the Nominee Shareholders breach their respective contractual obligations under the share pledge agreement, Beijing WFOE, as pledgee, will be entitled to rights, including the right to dispose of the pledged equity interests entirely or partially. The Nominee Shareholders agreed not to transfer or otherwise create any encumbrance on their equity interests in the VIE without prior consent of Beijing WFOE. The Equity Pledge Agreement will remain effective until all the obligations have been satisfied in full and the

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**1. ORGANIZATION (Continued)**

pledged equity interests have been transferred to Beijing WFOE and/or its designee. The Company completed the registration of the pledge of equity interests in the VIE with the relevant office of Administration for the Industry and Commerce in accordance with the PRC Property Rights Law.

*Proxy Agreement and Power of Attorney*

Pursuant to the Proxy Agreement and Power of Attorney entered into amongst Beijing WFOE, the VIE, and the Nominee Shareholders each Nominee Shareholder appointed Beijing WFOE to act on behalf of the Nominee Shareholders as exclusive agent and attorney with all respect to all matters concerning the shareholding including but not limited to (1) call and attend shareholders' meetings of the VIE; (2) exercise all the shareholders' rights, including voting rights; and (3) appoint at its sole discretion, a substitute or substitutes to perform any or all of its right of the VIE. The power of attorney remains irrevocable and continuously valid from the date of execution so long as each Nominee Shareholder remains as a shareholder of the VIE unless Beijing WFOE issues adverse instructions in writing. The Proxy Agreement and Power of Attorney was subsequently reassigned to the Company.

*Master Exclusive Service Agreement*

Pursuant to the Master Exclusive Service Agreement entered into between Beijing WFOE and the VIE, Beijing WFOE or its designated entities affiliated has the exclusive right to provide the VIE with technical support and business support services in return for fees equal to 100% of the consolidated net profits of the VIE. Beijing WFOE has sole discretion in determining the service fee charged to the VIE under this agreement. Without Beijing WFOE's prior written consent, the VIE shall not, directly and indirectly, obtain the same or similar services as provided under this agreement from any third party, or enter into any similar agreement with any third party. Beijing WFOE will have the exclusive ownership of all intellectual property rights developed by performance of this agreement. This agreement will remain effective until it is terminated at the discretion of Beijing WFOE or upon the transfer of all the shares of the VIE to Beijing WFOE and/or a third party designated by Beijing WFOE.

*Business Cooperation Agreement*

Pursuant to the Business Cooperation Agreement entered into amongst Beijing WFOE, the VIE and the Nominee Shareholders, the VIE and the Nominee Shareholders agreed and covenanted that, without obtaining Beijing WFOE's written consent, the VIE shall not, and the Nominee Shareholders shall cause the VIE not to, engage in any transaction which may materially affect the VIE's assets, obligations, rights or operation. The VIE shall accept, and the Nominee Shareholders shall cause the VIE to accept, suggestions raised by Beijing WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of the VIE. The Business Cooperation Agreement will remain effective until it is terminated at the discretion of Beijing WFOE or upon the transfer of all the shares of the VIE to Beijing WFOE and/or its designated party.

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**1. ORGANIZATION (Continued)**

*Financial Support Letter*

Pursuant to the Financial Support Letter, the Company is obligated and hereby undertakes to provide unlimited financial support to the VIE, to the extent permissible under the applicable PRC law and regulations, whether or not any such operational loss is actually incurred. The Company will forego the right to seek repayment in the event the VIE are unable to repay such funding.

In the opinion of the Group's management and PRC counsel, (i) the ownership structure of the VIE is not in violation with all existing PRC laws and regulations in any material respect; and (ii) each of the VIE Agreements is valid, legally binding and enforceable to each party of such agreements and will not result in any violation of PRC laws or regulations currently in effect.

However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current VIE Agreements and businesses to be in violation of any existing or future PRC laws or regulations. If the Company, Beijing WFOE or any of its current or future VIE are found in violation of any existing or future laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, which may include but not limited to, confiscating the income of the primary beneficiary, and the VIE, revoking the business licenses or operating licenses of the primary beneficiary, and VIE, shutting down the Group's servers, discontinuing or placing restrictions or onerous conditions on the Group's operations, requiring the Group to undergo a costly and disruptive restructuring or enforcing actions that could be harmful to the Group's business. Any of these actions could cause significant disruption to the Group's business operations and severely damage the Group's reputation, which would in turn materially and adversely affect the Group's business and results of operations. In addition, if the imposition of any of these penalties causes the primary beneficiary to lose the rights to direct the activities of the VIE or the right to receive their economic benefits, the Company, as the primary beneficiary, would no longer be able to consolidate the VIE.

There are no assets that are pledged or collateralized for the VIE's obligations and which can only be used to settle the VIE's obligations, except for registered capital. Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of its share capital, to the Company in the form of loans and advances or cash dividends. Please refer to Note 14 for disclosure of restricted net assets. As the VIE is incorporated as limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE. There were no other pledges or collateralization of the VIE's assets.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(b) Principles of consolidation*

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

*(c) Use of estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and revenues and expenses during the reporting periods. Significant accounting estimates reflected in the Group's consolidated financial statements include, but not limited to, estimates for inventory reserves, useful lives and impairment of long-lived assets, accounting for deferred income taxes and uncertain tax benefits, valuation allowance for deferred tax assets, and valuations for the warrant liability, Angel Shares and convertible redeemable preferred shares. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

*(d) Foreign currency*

The functional currency of the Company, Luckin BVI and Luckin HK is the United States dollar ("US\$") and its reporting currency is Renminbi (the "RMB"). The functional currency of the Company's PRC subsidiaries and the VIE is the RMB as determined based on the criteria of ASC topic 830 ("ASC 830"), *Foreign Currency Matters*.

The financial statements of the Company, Luckin BVI and Luckin HK are translated from the functional currency to the reporting currency, RMB. Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical costs in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains and losses are included in the consolidated statements of comprehensive loss.

The Group uses the average exchange rate for the year and the exchange rate at the balance sheet date to translate the operating results and financial position, respectively. Translation differences are recorded in accumulated other comprehensive loss, a component of shareholders' deficits.

*(e) Convenience translation*

Amounts in US\$ are presented for the convenience of the reader and are translated at the noon buying rate of US\$1.00 to RMB6.7112 on March 29, 2019, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be converted, realized or settled into US\$ at such rate or at any other rate.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and demand deposits placed with banks which are unrestricted as to withdrawal or use, and have original maturities less than three months. All highly liquid investments with a stated maturity of 90 days or less from the date of purchase are classified as cash equivalents.

**(g) Short-term investments**

All highly liquid investments with original maturities of greater than three months but less than twelve months, are classified as short-term investments. Investments that are expected to be realized in cash during the next twelve months are also included in short-term investments. The Group accounts for short-term investments in accordance with ASC topic 320 ("ASC 320"), *Investments—Debt and Equity Securities*. Interest income is included in earnings. Any realized gains or losses on the sale of the short-term investments, are determined on a specific identification method, and such gains and losses are reflected in earnings during the period in which gains or losses are realized.

**(h) Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost of inventory are determined using the moving weighted average method. The Group records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. For all periods presented, there were no inventory reserves recognized.

**(i) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any recorded impairment. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

<u>Category</u>	<u>Estimated useful life</u>
Store operating equipment	5 years
Office equipment and others	3 - 5 years
Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets

Repair and maintenance costs are charged to expense as incurred, whereas the costs of betterments that extend the useful life of property and equipment are capitalized as additions to the related assets. Retirements, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

**(j) Impairment of long-lived assets other than goodwill**

The Group evaluates its long-lived assets, including property and equipment with finite lives, for impairment whenever events or changes in circumstances, such as a significant adverse change to

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

market conditions that will impact the future use of the assets, indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group evaluates the recoverability of long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. The adjusted carrying amount of the assets become new cost basis and are depreciated over the assets' remaining useful lives. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The impairment test is performed at the group level. For all periods presented, there was no impairment of any of the Group's long-lived assets.

**(k) Fair value of financial instruments**

The Group applies ASC 820, *Fair Value Measurements and Disclosures*, ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided on fair value measurement.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The Group's financial instruments include cash and cash equivalents, short-term investments, accounts payable, receivables from online payment platforms, deposits, other receivables and payables, short-term bank borrowing, long-term borrowing, capital lease obligation and warrant liability. The warrant liability is measured at fair value (Note 18). Other than the long-term borrowing and warrant liability, the carrying values of these financial instruments approximate their fair values due to their short-term maturities. The carrying amount of the long-term borrowing approximates its fair values since it bears an interest rate which approximates market interest rate. The warrant liability is initially measured at fair value on the issuance date, and subsequently re-measured at the end of each reporting period with an adjustment for fair value recorded to the current period expense.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(l) Revenue recognition**

Customers place orders and pay for freshly brewed drinks and pre-made food and beverage items through the Group's self-developed app and Weixin mini-program with different options to pay through third party payment service providers. Revenues including delivery fees charged to customers are recognized at the point of delivery to customers. Revenues are reported net of VAT of 6% to 16% and discounts, if any. Customers that purchase prepaid vouchers are issued additional vouchers of the same value for free at the time of purchase. All vouchers are stored in the "Coffee Wallet" of the customers' registered accounts for future use. Cash received from the sales of prepaid vouchers are recognized as deferred revenues. Purchase consideration is equally allocated to each voucher as an element, including the vouchers issued for free, using the relative-selling-price method to determine an effective selling price for each voucher. The allocated effective selling price are recognized as revenues upon the redemption of the vouchers for purchases.

From time to time, for promotional purposes, the Group issues to customers discounts in the form of coupons that can be applied for future purchases. As the customers are required to make future purchases of freshly brewed drinks or pre-made food and beverage items when redeeming the coupons, the Group recognizes the amounts of discounts as reductions of revenues at the time of coupon redemption in accordance with ASC 605-50.

VAT and surcharges are recorded as reductions of revenues. VAT and surcharges amounted to RMB16 and RMB62,886 (US\$9,370) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

**(m) Costs of materials and store operating costs**

Costs of materials consisted primarily of coffee beans and coffee condiments, pre-made food and beverage items, packaging, supplies and warehouse. Store operating costs consisted primarily of staff costs, utilities and fulfillment, etc.

**(n) Advertising expenditures and promotion costs**

Advertising expenditures are expensed when incurred and are included in sales and marketing expenses, which amounted to RMB23,910 and RMB362,142 (US\$53,961) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

For promotion, the Group issues free vouchers for complimentary freshly brewed drinks or pre-made food and beverage items for first time user registrations and referrals, without any future purchase requirements. The Group recognizes the related costs in sales and marketing expenses of RMB160 and RMB130,567 (US\$19,455) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

Included in sales and marketing expenses are also the costs of deliveries made to customers. The Group incurred RMB29 and RMB242,193 (US\$36,088) of delivery costs for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(o) Store preopening and other expenses**

Store preopening expenses mainly include store rental costs during the start-up of new stores. Other expenses include lease exit costs, such as the write offs of prepaid store rental of stores costs, deposits and leasehold improvements. Costs incurred in connection with the start-up and closure are expensed as incurred.

**(p) Research and development expenses**

Research and development expenses include payroll expenses, employee benefits, and other headcount-related expenses associated with platform development and big data analysis to support the Group's business operations. To date, expenditures incurred qualifying for software development costs were immaterial.

**(q) Leases**

Leases are classified at the inception date as either a capital lease or an operating lease. The Group did not enter into any leases whereby it is the lessor for any of the periods presented. As the lessee, a lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life, or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. The initial direct costs including processing fees paid to the lessor to consummate the lease are included in the minimum lease payments. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. The Group entered into a capital lease for certain store operating equipment during the year ended December 31, 2018.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. The Group leases stores for food and beverage items services provision and office space for corporate administration under operating leases. Most lease agreements contain rent holidays and rent escalation clauses. Rent holidays and escalating rent are considered in determining the straight-line rent expenses to be recorded over the lease terms. The lease terms begin on the dates of initial possession of the lease properties for purposes of recognizing lease expenses on a straight-line basis over the terms of the leases.

**(r) Asset retirement obligations**

A liability for the fair value of required asset retirement obligations ("ARO") is recognized when a material obligation is incurred. The Group's AROs are primarily associated with leasehold improvements, which, at the end of certain leases, the Group is contractually obligated to remove in order to comply with the lease agreements. At the inception of a lease with such conditions, the Group records an ARO liability and a corresponding capital asset in an amount equal to the estimated fair value of the obligation. The Group estimates the ARO liability using a number of assumptions, including store closing costs, cost inflation rates and discount rates, and accretes the liability to its projected future value over time. Upon satisfaction of the ARO conditions, a gain or loss is recognized

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

for any difference between the recorded ARO liability and the actual retirement costs incurred. As of December 31, 2017 and 2018, the Group's ARO liability was immaterial.

**(s) Income taxes**

The Group follows the liability method of accounting for income taxes in accordance with ASC 740 ("ASC 740"), *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

The Group accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties related to unrecognized tax benefit recognized in accordance with ASC 740 are classified in the consolidated statements of comprehensive loss as income tax expenses.

**(t) Employee benefit expenses**

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The total expenses the Group incurred for the plan were RMB2,777 and RMB107,682 (US\$16,045) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

**(u) Comprehensive loss**

Comprehensive loss is defined as the decrease in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Amongst other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Group's comprehensive loss included net loss and foreign currency translation adjustments that are presented in the consolidated statements of comprehensive loss.

**(v) Segment reporting**

The Group follows ASC 280, *Segment Reporting*. The Group's Chief Executive Officer as the chief operating decision-maker reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Group's long-lived assets are substantially all located in the PRC and substantially all the Group revenues are derived from within the PRC, no geographical segments are presented.

**(w) Loss per share**

In accordance with ASC 260, *Earnings per Share*, basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net loss is allocated between ordinary shares, Angel Shares and other participating securities based on their participating rights. Ordinary shares and Angel Shares have the same rights with regard to dividends and distributions upon liquidation of the Group. They share losses during a given period. Diluted loss per share is calculated by dividing net loss attributable to ordinary and angel shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary shares, Angel Shares and dilutive ordinary equivalent shares outstanding during the period. Ordinary share equivalents are excluded from the computation of diluted loss per share as their effects would be anti-dilutive.

**(x) Unaudited pro forma loss per share**

Conditional upon and effective immediately prior to the completion of the Company's IPO, the outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Conditional upon and effective immediately prior to the completion of the Company's IPO, the shareholders of the ordinary shares, Angel Shares, Series A Preferred Shares and Series B Preferred Shares issued and outstanding immediately prior to the completion of the IPO (collectively, "Pre-IPO Shareholders") will beneficially own all of the issued and outstanding Class B ordinary shares. Conditional upon and effective immediately prior to the completion of the Company's IPO, the authorized share capital will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each.

The unaudited pro forma loss per share is computed using the weighted-average number of ordinary shares outstanding as of December 31, 2018 and assumes the automatic conversion of all of the Company's Angel Shares and convertible redeemable preferred shares into Class B ordinary shares. At the same time, the then every issued and unissued but authorized shares of par value of US\$0.001 is subdivided into 500 shares of par value of US\$0.000002 each upon the closing of the IPO occurred on January 1, 2018.

**(y) Recent accounting pronouncements**

The Group is an emerging growth company ("EGC") as defined by the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act provides that an EGC can take advantage of extended transition periods for complying with new or revised accounting standards. This allows an EGC to delay adoption of certain accounting standards until those standards would otherwise apply to private

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

companies. The Group elected to take advantage of the extended transition periods. However, this election will not apply should the Group cease to be classified as an EGC.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and requires entities to recognize revenues when it transfers promised goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14 ("ASU 2015-14"), *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is effective for the Group for annual reporting periods beginning January 1, 2019 and interim periods within annual periods beginning January 1, 2020. In March 2016, the FASB issued ASU No. 2016-08 ("ASU 2016-08"), *Revenue from Contracts with Customers—Principal versus Agent Considerations*, which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers—Identifying Performance Obligations and Licensing*, which clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in ASU 2014-09. In May 2016, the FASB issued ASU No. 2016-12 ("ASU 2016-12"), *Revenue from Contracts with Customers—Narrow-Scope Improvements and Practical Expedients*, which addresses narrow-scope improvements to the guidance on collectability, non-cash consideration and completed contracts at transition and provides practical expedients for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. The effective dates for these amendments are the same as the effective date of ASU 2014-09. Early adoption is permitted, and the standard permits the use of either the retrospective or cumulative effect transition method. The Group does not plan to early adopt the standard and amendments and it is in the process of evaluating the impact of the adoption of these guidance on its consolidated financial statements using the modified retrospective method, including the identification of differences, if any, from the application of the standard, and the impacts of such differences, if any, on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), *Leases (Topic 842)*. Subsequently, the FASB issued ASU No. 2018-10 ("ASU 2018-10"), *Codification Improvements to Topic 842, Leases*, which clarifies certain aspects of the guidance issued in ASU 2016-02; and ASU No. 2018-11 ("ASU 2018-11"), *Leases (Topic 842): Targeted Improvements*, which provides an additional transition method and a practical expedient for separating components of a contract for lessors. ASU 2016-02 modifies existing guidance for off-balance sheet treatment of lessees' operating leases by requiring lessees to recognize lease assets and lease liabilities. Under ASU 2016-02, lessor accounting is largely unchanged. ASU 2018-10 clarifies certain provisions and correct unintended applications of the guidance such as the application of implicit rate, lessee reassessment of lease classification, and certain transition adjustments that should be recognized to earnings rather than to stockholders' equity. ASU 2018-11 provides an alternative transition method and practical expedient for separating contract components for the adoption of Topic 842. ASU 2018-11, ASU 2018-10, and ASU 2016-02 (collectively, "the new lease standards") are effective for the Group for annual reporting periods beginning January 1, 2020 and interim periods within annual periods beginning January 1, 2021. Early adoption is permitted. The Group is currently evaluating the impacts the standards will have on its consolidated financial statements. The Group expects the adoption using the modified retrospective method will

**LUCKIN COFFEE INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Amounts in thousands of RMB and US\$, except for number of shares and per share data)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

result in material increases in the assets and liabilities on its consolidated balance sheets for its operating leases.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rates of the borrowings; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. In November 2016, the FASB issued ASU 2016-18, Statements of Cash Flow (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amount shown on the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for the Group for annual reporting periods beginning January 1, 2019 and interim periods within annual periods beginning January 1, 2020. Early adoption is permitted. The Group does not plan to early adopt ASU 2016-15 and ASU 2016-18 and it does not expect the standards will have material impacts on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01 ("ASU 2017-01"), Business Combinations (Topic 805): Clarifying the Definition of a Business. ASU 2017-01 clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The revised framework establishes a screen for determining whether an integrated set of assets and activities is a business and narrows the definition of a business, which is expected to result in fewer transactions being accounted for as business combinations. Acquisitions of integrated sets of assets and activities that do not meet the definition of a business are accounted for as asset acquisitions. ASU 2017-01 is effective for the Group for annual reporting periods beginning January 1, 2020 and interim periods within annual periods beginning January 1, 2021, with early adoption permitted for transactions that have not been reported in previously issued (or available to be issued) financial statements. The Group does not plan to early adopt ASU 2017-01 and does not expect that this standard will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13 ("ASU 2018-13"), Fair Value Measurement. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in ASU 2018-13 will be effective for the Group beginning after January 1, 2020 including interim periods within the year. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date. The Group is not early adopting the standard and it is in the process of evaluation the impact of adopting this new standard will have on its consolidated financial statements.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**3. CONCENTRATION OF RISKS****(a) Concentration of credit risk**

Financial instruments that potentially subject the Group to significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and receivables from online payment platforms. As of December 31, 2017 and 2018, the aggregate amounts of cash and cash equivalents and short-term investments of RMB219,096 and RMB1,632,151 (US\$243,198), respectively, were held at major financial institutions located in the PRC and nil and US\$19,197 (RMB128,832), respectively, were deposited with major financial institutions located outside the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness of these financial institutions. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law in August 2006 that came into effect on June 1, 2007 which contains a separate article expressly stating that the State Council may promulgate implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law. Under the new Bankruptcy Law, a Chinese bank may go into bankruptcy. In addition, since China's accession to the World Trade Organization, foreign banks have been gradually permitted to operate in China and have been significant competitors against Chinese banks in many aspects, especially since the opening of the Renminbi business to foreign banks in late 2006. Therefore, the risk of bankruptcy of those Chinese banks in which the Group has deposits has increased. In the event of bankruptcy of one of the banks which holds the Group's deposits, the Group is unlikely to claim its deposits back in full since the bank is unlikely to be classified as a secured creditor based on PRC laws.

Receivables from online payment platforms, unsecured and denominated in RMB, derived from sales on the Group's self-developed app and Weixin mini-program, are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on the selected online payment platforms that are highly reputable and market leaders. There have been no default of payments from these online payment platforms.

**(b) Business, customer, political, social and economic risks**

The Group participates in a dynamic and competitive industry and believes that changes in the following areas could have a material adverse effect on the Group's future financial position, results of operations or cash flows: changes in the overall demand for the Group's products; competitive pressures due to new entrants; advances and new trends in new technology; strategic relationships or customer relationships; regulatory considerations; and risks associated with the Group's ability to attract and retain employees necessary to support its growth.

- (i) Business risk—The Group commenced its operation in October 2017 and have achieved rapid growth since its inception. However, the Group's operating history may not be indicative of its future growth or financial results. There is no assurance that the Group will be able to maintain its historical growth rates in future periods. Third parties may develop technological or business model innovations that address customers' beverage and food requirements in a manner that is, or is perceived to be, equivalent or superior to the Group's services. If competitors introduce services that compete with, or surpass the quality, price or performance of the Group's services, the Group may be unable to provide services with existing customers or attract new customers at the prices and levels that allow the Group to generate reasonable rates of return on its investment.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 3. CONCENTRATION OF RISKS (Continued)

- (ii) Supplier risk—The Group's operations are dependent on a limited number of suppliers for its major raw materials including coffee beans, dairy, sugar and syrup, and pre-made products. There can be no assurance that the Group will be able to secure the raw materials and pre-made products supply from these suppliers. Any termination or suspension of the supply arrangements, any change in cooperation terms, or the deterioration of cooperation relationships with these suppliers may materially and adversely affect the Group's results of operations.

The Group also rely on one delivery service provider to provide delivery services. There can be no assurance that the Group can continue or extend relationships with its current delivery service provider on terms acceptable to it, or that it will be able to establish relationships with new delivery service provider to ensure accurate, timely and cost-efficient delivery services. Disputes with or termination of contractual relationships with the delivery service provider could result in delayed delivery of products or increased costs.

Suppliers accounting for 10% or more of total cost of materials were:

Supplier	For the period from June 16 (date of inception) through December 31,		For the year ended December 31,	
	2017		2018	
	RMB		RMB	US\$
A*	3,809		121,043	18,036
B	—		73,145	10,899
C	2,755		70,086	10,443

\* A is the holder of the non-controlling interest in Luckin Coffee Roasting (Tianjin) Co., Ltd., a subsidiary of the Company.

- (iii) Customer risk—The success of the Group's business going forward will rely in part on the Group's ability to continue to obtain and expand business from existing customers while also attracting new customers. No customer accounted for 10% or more of the Group's revenues for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018.
- (iv) Economic risk—The Group's operations could be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 20 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC political, economic and social conditions. There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective.

**LUCKIN COFFEE INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of RMB and US\$, except for number of shares and per share data)**

**3. CONCENTRATION OF RISKS (Continued)****(c) Foreign currency exchange rate risk**

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The (depreciation) / appreciation of the US\$ against RMB was approximately (3.9%) and 5.0% for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively. The functional currency and the reporting currency of the Company are the US\$ and the RMB, respectively. All of the Group's revenues and costs are denominated in RMB, while a portion of cash and cash equivalents and amounts due to related parties are denominated in U.S. dollars. Any significant revaluation of RMB may materially and adversely affect the Group's loss and shareholders' deficits in U.S. dollars.

**(d) Currency convertibility risk**

The Group transacts all of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the "PBOC"). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US\$ or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

**(e) Interest rate risk**

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities. As part of its asset and liability risk management, the Group reviews and takes appropriate steps to manage its interest rate exposures on its interest-bearing assets and liabilities. The Group has not been exposed to material risks due to changes in market interest rates, and not used any derivative financial instruments to manage the interest risk exposure during the period/year presented.

**4. SHORT-TERM INVESTMENTS**

The Group's short-term investments included financial products purchased from financial institutions at fixed and floating rates with original maturities of less than one year.

For the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, the Group recognized interest income from its short-term investments of nil and RMB6,594 (US\$983), respectively, in the consolidated statements of comprehensive loss.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
VAT recoverable	3,130	188,106	28,029
Prepaid rental and deposits	10,594	120,207	17,911
Prepayments	22,043	47,131	7,023
Interest receivables	—	456	68
Others	837	9,610	1,432
	<u>36,604</u>	<u>365,510</u>	<u>54,463</u>

## 6. INVENTORIES

Inventories consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Raw materials	2,349	76,786	11,441
Packaging and other supplies	1,028	53,990	8,045
Pre-made food and beverage items	19	19,239	2,867
	<u>3,396</u>	<u>150,015</u>	<u>22,353</u>
Less: provision	—	—	—
	<u>3,396</u>	<u>150,015</u>	<u>22,353</u>

## 7. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
At cost:			
Store operating equipment	31,289	496,959	74,049
Leasehold improvements	6,736	478,075	71,235
Office equipment and others	2,010	37,565	5,597
	<u>40,035</u>	<u>1,012,599</u>	<u>150,881</u>
Less: accumulated depreciation	(917)	(107,607)	(16,033)
	<u>39,118</u>	<u>904,992</u>	<u>134,848</u>

Depreciation expense was RMB917 and RMB106,690 (US\$15,897) for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, respectively.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 7. PROPERTY AND EQUIPMENT, NET (Continued)

The Group accounted for the lease of certain store operating equipment in 2018 as a capital lease that transferred to the Group substantially all the benefits and risks incidental to the ownership of the assets. The carrying amount of the Group's store operating equipment held under capital lease at December 31, 2018 was as follows:

	As of December 31,	
	2018	
	RMB	US\$
At cost:		
Store operating equipment	175,500	26,150
	175,500	26,150
Less: accumulated depreciation	(22,062)	(3,287)
	<u>153,438</u>	<u>22,863</u>

Total future minimum lease payments of RMB111,845 (US\$16,665) under the capital lease was outstanding as of December 31, 2018. To secure the Group's obligation under the capital lease, the Group provided a corporate guarantee and Mr. Lu Zhengyao, chairman of the board of directors, provided a personal guarantee.

## 8. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Long-term deposits	5,843	85,425	12,728
Long-term prepayments	32,887	65,983	9,832
	<u>38,730</u>	<u>151,408</u>	<u>22,560</u>

## 9. BORROWINGS

Borrowings were as follows:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Short-term bank borrowing	—	8,000	1,192
Long-term borrowing, current portion	—	72,787	10,846
	—	80,787	12,038
Long-term borrowing, non-current portion	—	226,969	33,819
Total borrowings	—	<u>307,756</u>	<u>45,857</u>

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 9. BORROWINGS (Continued)

The short-term bank borrowing outstanding as of December 31, 2018 bore an interest rate of 5.66% per annum and was denominated in RMB. The borrowing obtained from a financial institution has the term of one year.

The long-term borrowing (including current portion) outstanding as of December 31, 2018 bore an interest rate of 8% and was denominated in RMB. The borrowing was obtained from TTCO Trust Corporation Limited ("TTCO") with the term of two years for working capital and business development purpose. The borrowing agreement provides for certain operational covenants that the Group has met. To secure the Group's obligation under the borrowing, the Group provided a corporate guarantee and Mr. Lu Zhengyao, chairman of the board of directors, and Ms. Qian Zhiya, director and chief executive officer, provided personal guarantees.

In conjunction with the long-term borrowing agreement, the Group issued warrants which entitle TTCO to subscribe to the latest round of financing up to a maximum of RMB60 million at an exercise price of 160% of the then issuance price of the Company's Series A convertible redeemable preferred shares. The warrants are exercisable upon the Company raising the next round of financing or certain other triggering events. As the warrants were issued to TTCO in connection with a borrowing, the fair value of the warrants on the issuance date was recognized as a deduction of the carrying value of the loan. The deduction is recognized over the life of the borrowing as financing cost using the effective interest rate method. The number of shares to be issued under the warrants is variable based on adjustable exercise price and the value of the shares to be issued upon the exercise of the warrants is capped at the upper limit of RMB60 million. Therefore, the warrants qualify as financial liabilities in accordance with ASC 480, *Distinguishing Liabilities from Equity* and are re-measured at year end. The fair value gain or loss arising from the re-measurement is recognized as change in the fair value of warrant liability in the consolidated statements of comprehensive loss.

## 10. ACCRUED EXPENSES AND OTHER LIABILITIES

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Payables for the purchase of property and equipment	—	119,995	17,880
Payroll and welfare payables	3,356	82,251	12,256
Payables for delivery costs	29	58,414	8,704
Payables for advertising expenditures	1,751	23,830	3,551
Payables for office supplies and utilities	224	40,876	6,091
Accrued liabilities	94	28,696	4,276
Others	622	16,955	2,526
	<u>6,076</u>	<u>371,017</u>	<u>55,284</u>

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 11. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss, net of tax of nil, were as follows:

	Foreign currency translation	Total
	RMB	RMB
Balance as of June 16, 2017 (date of inception)	—	—
Current year other comprehensive loss	—	—
Balance as of December 31, 2017	—	—
Current year other comprehensive loss	(2,076)	(2,076)
Balance as of December 31, 2018	(2,076)	(2,076)
Balance as of December 31, 2018, in US\$	(309)	(309)

## 12. TAXATION

*Enterprise income tax ("EIT")**Cayman Islands*

The Company is incorporated in the Cayman Islands and conducts its primary business operations through the subsidiaries and VIE in the PRC and Hong Kong. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain arising in Cayman Islands. Additionally, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

*British Virgin Islands*

Luckin BVI is incorporated in the British Virgin Islands and conducts its primary business operations through the subsidiaries and VIE in the PRC and Hong Kong. Under the current laws of the British Virgin Islands, Luckin BVI is not subject to tax on income or capital gains. Additionally, upon payments of dividends by the Company to its shareholders, no BVI withholding tax will be imposed.

*Hong Kong*

Luckin HK is incorporated in Hong Kong and is subject to Hong Kong profits tax rate of 16.5%. Additionally, upon payments of dividends by the Company to its shareholders, no HK withholding tax will be imposed.

*PRC*

The Company's subsidiaries and VIE in the PRC are subject to the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the "EIT Law"), which was effective since January 1, 2008.

Dividends, interests, rent or royalties payable by the Company's PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 12. TAXATION (Continued)

(after deducting the net value of such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

The Group's loss before income taxes consisted of:

	For the period from June 16 (date of inception) through December 31,	For the year ended December 31,	
	2017	2018	
	RMB	RMB	US\$
Non-PRC	—	2,348	350
PRC	(56,371)	(1,621,500)	(241,612)
	<u>(56,371)</u>	<u>(1,619,152)</u>	<u>(241,262)</u>

The reconciliation of tax computed by applying the statutory income tax rate of 25% for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018 applicable to the PRC operations to income tax expense were as follows:

	For the period from June 16 (date of inception) through December 31,	For the year ended December 31,	
	2017	2018	
	RMB	RMB	US\$
Loss before income taxes	(56,371)	(1,619,152)	(241,262)
Income tax benefit computed at the statutory income tax rate at 25%	14,093	404,788	60,315
Non-deductible expenses	(3,239)	(14,678)	(2,187)
International rate differences	—	690	103
Change in valuation allowance	(10,854)	(390,800)	(58,231)
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 12. TAXATION (Continued)

*Deferred Taxes*

The significant components of deferred taxes were as follows:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Deferred tax assets			
Advertising costs	4,449	53,892	8,030
Donation	—	675	101
Accrued expenses	—	7,573	1,128
Accrued welfare	—	447	67
Tax losses	6,405	339,067	50,523
Valuation allowance	(10,854)	(401,654)	(59,849)
Total deferred tax assets	—	—	—

The Group operates through several subsidiaries and VIE. Valuation allowance is considered for each of the entities.

Realization of the net deferred tax assets is dependent on factors including future reversals of existing taxable temporary differences and adequate future taxable income, exclusive of reversing deductible temporary differences and tax loss or credit carry forwards. The Group evaluates the potential realization of deferred tax assets on an entity-by-entity basis. As of December 31, 2017 and 2018, the Company and all of its subsidiaries and VIE were in cumulative loss position, valuation allowances were provided against deferred tax assets in entities where it was determined it was more likely than not that the benefits of the deferred tax assets will not be realized.

As of December 31, 2018, the Group had tax losses of RMB1,373,887 (US\$204,716) derived from entities in the PRC, which can be carried forward per tax regulation to offset future taxable income. The PRC taxable losses will expire from 2022 to 2023 if not utilized.

*Unrecognized Tax Benefits*

As of December 31, 2017 and 2018, the Group recorded an unrecognized tax benefit of RMB48 and RMB4,479 (US\$667), respectively, of which RMB48 and RMB4,479 (US\$667), respectively, were presented on a net basis against the deferred tax assets related to tax losses carry forwards on the consolidated balance sheets. The unrecognized tax benefits were primarily related to under-reported intercompany profit. The amounts of unrecognized tax benefits will change in the next 12 months, pending clarification of current tax law or audit by the tax authorities, however, an estimate of the range of the possible change cannot be made at this time. As of December 31, 2017 and 2018, unrecognized tax benefits of RMB48 and RMB4,479 (US\$667), if ultimately recognized, will impact the effective tax rate.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 12. TAXATION (Continued)

A roll-forward of unrecognized tax benefits is as follows:

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
Balance at beginning of period/year	—	48	7
Additions based on tax positions related to the current year	48	4,431	660
Balance at end of year	48	4,479	667

For the period from June 16, 2017 (date of inception) to December 31, 2017 and the year ended December 31, 2018, no interest expense or penalty was accrued in relation to the unrecognized tax benefit. Accumulated interest expenses recorded in unrecognized tax benefit was nil and nil as of December 31, 2017 and 2018, respectively.

As of December 31, 2018, the tax years ended December 31, 2017 through period ended as of the reporting dates for the Beijing WFOE and the VIE remain open to examination by the PRC tax authorities.

## 13. RELATED PARTY TRANSACTIONS

## (a) Related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Ms. Qian Zhiya	A director and chief executive officer of the Company
Mr. Chen Min*	A director of the Company
UCAR Inc. ("UCAR")	An entity controlled by the chairman of the board of directors of the Company
Haode Group Inc. ("Haode Group")	An affiliate of the chairman of the board of directors of the Company
Haode Investment Inc. ("Haode Investment")	An affiliate of the chairman of the board of directors of the Company
Primus Investments Fund, L.P. ("Primus")	An affiliate of the chairman of the board of directors of the Company
STAR GROVE GLOBAL LIMITED ("STAR")	A shareholder of the Company
Beijing QWOM Digital Technology Co., Ltd. ("QWOM")	An affiliate of the chairman of the board of directors of the Company

\* Mr. Chen Min no longer serves as a director of the Company subsequent to the date of this report.

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

13. RELATED PARTY TRANSACTIONS (Continued)

(b) Other than disclosed elsewhere, the Company had the following significant related party transactions for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018:

	For the period from June 16 (date of inception) through December 31,		For the year ended December 31,	
	2017 RMB	2018 RMB	2018 RMB US\$	
<b>Loans from:</b>				
—Ms. Qian Zhiya	50,000	—	—	
—Mr. Chen Min	10,000	—	—	
—Haode Investment <sup>(i)</sup>	1,796	—	—	
—Primus <sup>(i)</sup>	92,893	—	—	
—STAR <sup>(i)</sup>	227,530	—	—	
<b>Services received from:</b>				
—QWOM	—	42,927	6,396	
—UCAR	—	3,179	474	
<b>Repayments of loans from:</b>				
—Ms. Qian Zhiya	—	50,000	7,450	
—Mr. Chen Min	—	10,000	1,490	
<b>Loan to:</b>				
—Haode Group	—	147,559	21,987	

(i) The proceeds from the loans from Haode Investment, Primus and STAR were subsequently injected into the Company as capital contributions from angel shareholders.

(c) The Company had the following related party balances as of December 31, 2017 and 2018:

	As of December 31,		
	2017 RMB	2018 RMB	US\$
<b>Amount due from a related party:</b>			
—Haode Group	—	147,559	21,987
		147,559	21,987
<b>Amounts due to related parties:</b>			
—Ms. Qian Zhiya	50,000	—	—
—Mr. Chen Min	10,000	—	—
—Haode Investment	1,796	—	—
—Primus	92,893	—	—
—STAR	227,530	—	—
—QWOM	—	23,236	3,463
—UCAR	—	962	143
	382,219	24,198	3,606

**LUCKIN COFFEE INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Amounts in thousands of RMB and US\$, except for number of shares and per share data)****13. RELATED PARTY TRANSACTIONS (Continued)**

All balances with the related parties as of December 31, 2017 and 2018 were unsecured, interest-free and had no fixed terms of repayments. Amount due from Haode Group was collected in February 2019.

**14. RESTRICTED NET ASSETS**

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries and VIE. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries and VIE.

In accordance with the PRC Regulations on Enterprises with Foreign Investment and the articles of association of the Company's PRC subsidiaries, a foreign-invested enterprise established in the PRC is required to provide certain statutory reserves, namely the general reserve fund, the enterprise expansion fund and the staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts. A foreign-invested enterprise is required to allocate at least 10% of its annual net profit to the general reserve until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and the staff welfare and bonus fund are at the discretion of the board of directors for all foreign-invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The PRC subsidiaries were established as foreign-invested enterprises and therefore, are subject to the above mandated restrictions on distributable profits. For the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, the PRC subsidiaries did not have after-tax profit and therefore no statutory reserves were allocated.

Foreign exchange and other regulations in the PRC may further restrict the Company's VIE from transferring funds to the Company in the form of dividends, loans and advances. Amounts restricted include paid-in capital and statutory reserves of the Company's PRC subsidiaries and the equity of the VIE, as determined pursuant to PRC generally accepted accounting principles. As of December 31, 2018, restricted net assets of the Company's PRC subsidiaries and the VIE were RMB1,459,620 (US\$217,490).

**15. CONVERTIBLE REDEEMABLE PREFERRED SHARES**

On June 29, 2018, the Company issued 544,688 Series A convertible redeemable preferred shares (the "Series A Preferred Shares") at the price of US\$367.183 per share for a total cash consideration of US\$200,000. The cash proceeds received was US\$199,999, net of issuance costs of US\$1.

On November 15, 2018, the Company issued 272,343 Series B convertible redeemable preferred shares (the "Series B Preferred Shares") at the price of US\$734.37 per share for a total cash consideration of US\$200,000. The cash proceeds received was US\$199,980, net of issuance costs of US\$20.

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

15. CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

The significant terms of the Series A convertible redeemable preferred shares and Series B convertible redeemable preferred shares (collectively "Preferred Shares") are summarized as follows:

*Dividends*

All shares of each class shall have equal rights as regard to dividends. No dividend or other distribution shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by the Companies Law of the Cayman Islands.

No dividend or other distribution shall bear interest against the Company. As of December 31, 2017 and 2018, no dividend was declared by the Company.

*Liquidation Preference*

Upon any liquidation, dissolution or winding up of the Group, the assets of the Group available for distribution shall be made as follows:

First, each holder of Series B Preferred Shares shall be entitled to receive, on a pari passu basis, an amount per Series B Preferred Share then held by such holder (the "Series B Preference Amount") equal to the aggregate of: (i) 100% of the its issue price; (ii) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B Preference Amount; and (iii) an amount that would give a simple annual rate of return 12% beginning on its closing date.

If the assets of the Group shall be insufficient to make payment of the Series B Preference Amount in full on all Series B Preferred Shares, then such assets shall be distributed among the holders of Series B Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

After payment of the Series B Preference Amount in full pursuant to above, and before any distribution or payment shall be made to the holders of any ordinary shares and Angel Shares, each holder of Series A Preferred Shares shall be entitled to receive, on a pari passu basis, an amount per Series A Preferred Share then held by such holder (the "Series A Preference Amount") equal to the aggregate of: (i) 100% of its issue price; (ii) all accrued but unpaid dividends thereon up to the date of actual payment of the Series A Preference Amount; and (iii) an amount that would give a simple annual rate of return 12% beginning on its closing date.

If the assets of the Group shall be insufficient to make payment of the Series A Preference Amount in full on all Series A Preferred Shares, then such assets shall be distributed among the holders of Series A Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

After distribution or payment in full of the amount distributable or payable on the Preferred Shares pursuant to above, the remaining assets of the Group available for distribution to the Shareholders shall be distributed ratably among the holders of the outstanding ordinary shares and Angel Shares.

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

15. CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

*Conversion*

Each Preferred Share shall be convertible into such number of fully paid and non-assessable ordinary shares at the preferred share to ordinary share conversion ratio equal to the then-effective applicable conversion price of the Preferred Shares. The Series A conversion price for the Series A Preferred Shares shall initially be the Series A issue price, resulting in an initial conversion ratio for the Series A Preferred Shares of 1:1, and shall be subject to adjustment from time to time. The Series B conversion price for the Series B Preferred Shares shall initially be the Series B issue price, resulting in an initial conversion ratio for the Series B Preferred Shares of 1:1, and shall be subject to adjustment from time to time.

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Shares into ordinary shares based on the then-effective applicable conversion price.

Preferred Shares shall automatically be converted into ordinary shares based on the then-effective conversion price for such Preferred Shares in effect at the time (a) immediately before the closing of an IPO, or (b) upon receipt by the Company of the written notice of conversion signed by the holders of a simple majority of Preferred Shares.

The conversion price is subject to additional adjustments if the Company makes adjustments in the event of: (a) share split, share division, share combination, share dividend, reorganization, mergers, consolidations, reclassifications, exchanges, substitutions, recapitalization or similar events; or (b) certain dilutive issuances of shares.

Upon conversion, all accrued but unpaid share dividends on the applicable Preferred Shares shall be paid in shares and all accrued but unpaid cash dividends on the applicable Preferred Shares shall be paid either in cash or by the issuance of a number of further ordinary shares equal to the value of such cash amount, at the option of the holders of the applicable Preferred Shares.

*Voting*

The ordinary shareholders shall have the right to one vote for each outstanding ordinary share held. The angel shareholders shall have the right to one vote for each ordinary share into which each outstanding Angel Share held could then be converted. The Preferred shareholders shall have the right to one vote for each ordinary share into which each outstanding Preferred Share held could then be converted. Subject to provisions to the contrary elsewhere in the Company's memorandum and articles, or as required by applicable laws, the Preferred shareholders and the angel shareholders shall vote together with the ordinary shareholders as a single class, and not as a separate class or series, on all matters put before the shareholders.

*Redemption*

The Series A Preferred Shares are redeemable by the holders at any time after the failure by the Company to complete an IPO within 5 years following the Series A Preferred Shares closing date at a redemption price per Series A Preferred Share that shall equal the aggregate of: (i) 100% of the issue price; (ii) all accrued but unpaid dividends thereon up to the date of actual payment of the entire

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

15. CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

Series A Preferred Shares redemption price; and (iii) the amount that would give a simple annual rate of return 12% beginning on the closing date.

The Series B Preferred Shares are redeemable by the holders at any time after the occurrence of the following event: (i) the failure by the Company to complete an IPO within 5 years following the Series B Preferred Shares closing date, (ii) any Series A Preferred shareholder has exercised its redemption right at a redemption price per Series B Preferred Share that shall equal the aggregate of: (i) 100% of the issue price; (ii) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B Preferred Shares redemption price; and (iii) the amount that would give a simple annual rate of return 12% beginning on the closing date.

*Accounting for the Preferred Shares*

The Preferred Shares have been classified as mezzanine equity as they can be redeemed at the option of the holders or in the event of liquidation, dissolution or winding up of the Group. The initial carrying values of the Preferred Shares are the fair value at the time of closing.

The Group elected to recognize the changes in redemption value immediately as they occur and will adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period for Preferred Shares, as if the end of each reporting period was also the redemption date for the Preferred Shares.

There were no embedded features that qualified for bifurcation and separate accounting in accordance with ASC 815-10, *Derivatives and Hedging*. The Group also determined that there were no beneficial conversion features to be recorded.

16. SHARE CAPITAL

The Company issued 2 ordinary shares to the founding shareholders at the inception of the Company. Prior to issuing the Angel Shares and Preferred Shares in 2018, the Company completed a share restructuring and increased the ordinary shares by 748 shares, allocated between the founding shareholders on a pro rata basis. The ordinary shares then underwent a 1-to-1,000 share split. The share restructuring and share split were accounted for on a retrospective basis as if they were completed at the inception of the Company.

Holders of ordinary shares and Angel Shares are entitled to the same rights except for conversion rights and right to appoint directors. Each Angel Share is convertible to one ordinary share at any time at the option of the holder. The ordinary shareholders have the right to nominate and appoint two directors to the Company's Board of Directors. Both of the Angel-1 and Angel-2 Shareholders have the right to jointly nominate and appoint one director to the Board.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 17. LOSS PER SHARE

Basic and diluted loss per share for the period/year presented were calculated as follows:

	For the period from June 16 (date of inception) through December 31, 2017	For the year ended December 31, 2018	
	RMB	RMB	US\$
<i>Numerator:</i>			
Net loss	(56,371)	(1,619,152)	(241,262)
Add: accretion to redemption value of Preferred Shares	—	(1,571,182)	(234,113)
Net loss attributable to the Company's ordinary shareholders and angel shareholders	(56,371)	(3,190,334)	(475,375)
<i>Denominator:</i>			
Weighted average number of ordinary shares outstanding used in calculating basic and diluted loss per share	750,000	750,000	750,000
Weighted average number of Angel Shares outstanding used in calculating basic and diluted loss per share	—	728,075	728,075
Allocation of undistributed loss—basic and diluted:			
To ordinary shares	(56,371)	(1,618,829)	(241,213)
To Angel Shares	—	(1,571,505)	(234,162)
Basic and diluted loss per share:			
To ordinary shares	(75.16)	(2,158.44)	(321.62)
To Angel Shares	—	(2,158.44)	(321.62)

The effects of all Preferred Shares were excluded from the calculation of diluted loss per share as their effects would be anti-dilutive for the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018.

Conditional upon and effective immediately prior to the completion of the Company's IPO, the outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Conditional upon and effective immediately prior to the completion of the Company's IPO, the shareholders of the ordinary shares, Angel Shares, Series A Preferred Shares and Series B Preferred Shares issued and outstanding immediately prior to the completion of the IPO (collectively, "Pre-IPO Shareholders") will beneficially own all of the issued and outstanding Class B ordinary shares. Conditional upon and effective immediately prior to the completion of the Company's IPO, the authorized share capital will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 17. LOSS PER SHARE (Continued)

The unaudited pro forma loss per share is computed assuming the automatic conversion of the weighted-average number of ordinary shares outstanding and all of the Company's Angel Shares, Series A Preferred Shares and Series B Preferred Shares into 1,790,711 Class B ordinary shares. At the same time, the then every issued and unissued but authorized shares of par value of US\$0.001 is subdivided into 500 shares of par value of US\$0.000002 each upon the closing of the Company's IPO occurred on January 1, 2018. The Group believes the unaudited pro forma net loss per share provides material information to investors and the disclosure of pro forma loss per ordinary share provides an indication of net loss per ordinary share that is comparable to what will be reported by the Group as a public company following the closing of the IPO.

The following table summarized the unaudited pro forma loss per share attributable to ordinary shareholders:

	For the year ended December 31,	
	2018	
	RMB	US\$
<i>Numerator:</i>		
Net loss	(1,619,152)	(241,262)
<i>Denominator:</i>		
Conversion of weighted average number of ordinary shares to Class B ordinary shares used in pro forma loss per share computation—basic and diluted	375,000,000	375,000,000
Conversion of Angel Shares and Preferred Shares to Class B ordinary shares	520,355,500	520,355,500
Pro forma weighted average numbers of ordinary shares outstanding—basic and diluted	895,355,500	895,355,500
Pro forma loss per share—basic and diluted	(1.81)	(0.27)

## 18. FAIR VALUE MEASUREMENTS

The warrant liability (Note 9) is classified within Level 3. The Group estimated the fair value of the warrant liability as of December 31, 2018 using the binomial-lattice option valuation model, based on the remaining contractual term of the warrants, risk-free interest rate and expected volatility of the price of the underlying Preferred Shares. The assumptions used, including the market value of the underlying Preferred Shares in the latest round of financing and the expected volatility were subjective unobservable inputs. Significant increases (decreases) in the inputs used in the fair value measurement of the Level 3 warrant liability in isolation would result in a significant lower (higher) fair value measurement.

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

18. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth the financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2018:

	Fair value measurement using:			Fair value at December 31, 2018	
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	RMB	US\$
	RMB	RMB	RMB		
Warrant liability	—	—	19,520	19,520	2,909
Liability	—	—	19,520	19,520	2,909

The following table presents a reconciliation of the warrant liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Warrant liability RMB
Fair value at January 1, 2018	—
Day one fair value	244
Change in fair value	19,276
Fair value at December 31, 2018	19,520
Fair value at December 31, 2018 (in US\$)	2,909

19. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group leases stores and offices for operation under operating leases. For the period from June 16, 2017 (date of inception) through December 31, 2017 and for the year ended December 31, 2018, total rental expenses for all operating leases amounted to RMB6,556 and RMB253,823 (US\$37,821), respectively. Future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year consisted of the following as of December 31, 2018:

	RMB	US\$
2019	474,385	70,686
2020	414,381	61,745
2021	280,346	41,773
2022	128,095	19,087
2023 and thereafter	75,597	11,264
<b>Total</b>	<b>1,372,804</b>	<b>204,555</b>

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 19. COMMITMENTS AND CONTINGENCIES (Continued)

*(b) Capital commitments*

As of December 31, 2018, the Group had the following capital commitment related to capital expenditures for the renovation and decoration of its stores:

	<u>RMB</u>	<u>US\$</u>
2019	21,253	3,167
<b>Total</b>	<u>21,253</u>	<u>3,167</u>

## 20. SUBSEQUENT EVENTS

*(a) Issuance of Additional Series B Preferred Shares*

On January 9, 2019, the Company issued additional 6,809 Series B Preferred Shares to Galaxy Shine Limited at US\$734.37 per share for an aggregate purchase consideration of US\$5,000. The cash proceeds received was US\$4,997, net of issuance costs of US\$3.

*(b) Adoption of Share Option Plan*

On January 18, 2019, the Group adopted the 2019 share option plan providing for the grants of share options to its employees and directors. The issuance of up to 158,031 ordinary shares upon the exercise of share options was authorized and granted under the plan. According to the plan, vested options will become exercisable after the IPO. The Group is in the process of performing the valuation of the share options to determine the impact on its consolidated financial statements.

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 21. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

## Condensed balance sheets

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	—	842,175	125,488
Amount due from a shareholder	—	147,559	21,987
Amounts due from subsidiaries	—	2,376,784	354,152
<b>Total current assets</b>	<b>—</b>	<b>3,366,518</b>	<b>501,627</b>
<b>Non-current assets:</b>			
Investments in subsidiaries and VIE	330,848	(996,250)	(148,446)
<b>Total non-current assets</b>	<b>330,848</b>	<b>(996,250)</b>	<b>(148,446)</b>
<b>Total assets</b>	<b>330,848</b>	<b>2,370,268</b>	<b>353,181</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICITS</b>			
<b>Current liabilities:</b>			
Amounts due to related parties	382,219	—	—
Warrant liability	—	19,520	2,909
<b>Total current liabilities</b>	<b>382,219</b>	<b>19,520</b>	<b>2,909</b>
<b>Total liabilities</b>	<b>382,219</b>	<b>19,520</b>	<b>2,909</b>
<b>Mezzanine equity:</b>			
Series A convertible redeemable preferred shares (US\$0.001 par value; nil and 2,000,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 544,688 issued and outstanding as of December 31, 2017 and 2018, respectively)	—	2,113,347	314,899
Series B convertible redeemable preferred shares (US\$0.001 par value; nil and 1,000,000 shares authorized as of December 31, 2017 and 2018; nil and 272,343 issued and outstanding as of December 31, 2017 and 2018, respectively)	—	2,164,994	322,594
<b>Total mezzanine equity</b>	<b>—</b>	<b>4,278,341</b>	<b>637,493</b>

## LUCKIN COFFEE INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 21. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

	As of December 31,		
	2017	2018	
	RMB	RMB	US\$
<b>LIABILITIES AND SHAREHOLDERS' DEFICITS</b>			
<b>Shareholders' deficits:</b>			
Ordinary shares (US\$0.001 par value; 45,400,000 shares authorized; 750,000 and 750,000 issued and outstanding as of December 31, 2017 and 2018, respectively)	—	—	—
Angel-1 shares (US\$0.001 par value; nil and 1,000,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 915,750 issued and outstanding as of December 31, 2017 and 2018, respectively)	—	743,376	110,766
Angel-2 shares (US\$0.001 par value; nil and 600,000 shares authorized as of December 31, 2017 and 2018, respectively; nil and 513,000 issued and outstanding as of December 31, 2017 and 2018, respectively)	—	512,812	76,411
Additional paid-in capital	5,000	65,000	9,685
Accumulated deficits	(56,371)	(3,246,705)	(483,774)
Accumulated other comprehensive loss	—	(2,076)	(309)
<b>Total shareholders' deficits</b>	<b>(51,371)</b>	<b>(1,927,593)</b>	<b>(287,221)</b>
<b>Total liabilities, mezzanine equity and shareholders' deficits</b>	<b>330,848</b>	<b>2,370,268</b>	<b>353,181</b>

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

21. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

Condensed statements of comprehensive loss

	For the period from June 16 (date of inception) through December 31,	For the year ended December 31,	
	2017 RMB	2018 RMB	US\$
<b>Operating loss</b>			
General and administrative expenses	—	(557)	(85)
Foreign exchange gain	—	(264)	(39)
Change in the fair value of warrant liability	—	(19,276)	(2,872)
Share of losses from subsidiaries and VIE	(56,371)	(1,602,848)	(238,832)
Interest income	—	3,823	570
Interest and financing expenses	—	(30)	(4)
<b>Net loss before income taxes</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>
Income tax expense	—	—	—
<b>Net loss</b>	<b>(56,371)</b>	<b>(1,619,152)</b>	<b>(241,262)</b>
<b>Other comprehensive loss, net of tax of nil:</b>			
Foreign currency translation adjustments, net of tax of nil	—	(2,076)	(309)
Accretion to redemption value of Preferred Shares	—	(1,571,182)	(234,113)
<b>Comprehensive loss</b>	<b>(56,371)</b>	<b>(3,192,410)</b>	<b>(475,684)</b>

Condensed statements of cash flows

	For the period from June 16 (date of inception) through December 31,	For the year ended December 31,	
	2017 RMB	2018 RMB	US\$
Net cash generated from operating activities	—	45,469	6,775
Net cash used in investing activities	—	(2,800,092)	(417,227)
Net cash generated from financing activities	—	3,596,798	535,940
Net increase in cash and cash equivalents	—	842,175	125,488
Cash and cash equivalents at beginning of the period/year	—	—	—
Cash and cash equivalents at end of the period/year	—	842,175	125,488

LUCKIN COFFEE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

21. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

*Basis of presentation*

Condensed financial information is used for the presentation of the Company, or the parent company. The condensed financial information of the parent company has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company used the equity method to account for investments in its subsidiaries and VIE.

The parent company records its investments in its subsidiaries and VIE under the equity method of accounting as prescribed in ASC 323, *Investments-Equity Method and Joint Ventures*. Such investments are presented on the condensed balance sheets as "Investments in subsidiaries and the VIE" and their respective profit or loss as "Share of loss in subsidiaries and the VIE" on the condensed statements of comprehensive loss. Equity method accounting ceases when the carrying amount of the investment, including any additional financial support, in a subsidiary or VIE is reduced to zero unless the parent company has guaranteed obligations of the subsidiary or VIE or is otherwise committed to provide further financial support. If the subsidiary or VIE subsequently reports net income, the parent company shall resume applying the equity method only after its share of that net income equals the share of net loss not recognized during the period the equity method was suspended.

The subsidiaries and VIE did not pay any dividends to the Company for the period/year presented.

LUCKIN COFFEE INC.

CONDENSED CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2018 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2019

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"), except for number of shares)

	Notes	As of	
		December 31, 2018	March 31, 2019
		RMB	US\$
			(Unaudited)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		1,630,983	1,158,841
Restricted cash		—	530
Short-term investments		130,000	—
Receivables from online payment platforms		4,609	7,498
Inventories	4	150,015	188,964
Prepaid expenses and other current assets	3	365,510	426,638
Amount due from a related party	9	147,559	—
<b>Total current assets</b>		<b>2,428,676</b>	<b>1,782,471</b>
<b>Non-current assets:</b>			
Property and equipment, net	5	904,992	966,021
Other non-current assets	6	151,408	152,223
<b>Total non-current assets</b>		<b>1,056,400</b>	<b>1,118,244</b>
<b>Total assets</b>		<b>3,485,076</b>	<b>432,221</b>
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICITS</b>			
<b>Current liabilities:</b>			
Short-term bank borrowings	7	8,000	65,582
Current portion of long-term borrowing	7	72,787	147,030
Capital lease obligation		108,664	109,871
Accounts and note payable		176,704	178,389
Accrued expenses and other liabilities	8	371,017	311,610
Amounts due to related parties	9	24,198	7,979
Warrant liability	7	19,520	27,842
<b>Total current liabilities</b>		<b>780,890</b>	<b>848,303</b>
<b>Non-current liabilities:</b>			
Long-term borrowing	7	226,969	152,726
Deferred revenues		126,469	78,784
<b>Total non-current liabilities</b>		<b>353,438</b>	<b>231,510</b>
<b>Total liabilities</b>		<b>1,134,328</b>	<b>160,899</b>
<b>Commitments and contingencies</b>	14		

LUCKIN COFFEE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

AS OF DECEMBER 31, 2018 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2019

(Amounts in thousands of RMB and US\$, except for number of shares)

Notes	As of		Pro forma shareholders' deficits as of			
	December 31, 2018	March 31, 2019	March 31, 2019			
	RMB	(Unaudited) RMB	(Unaudited) US\$	(Unaudited) RMB	(Unaudited) US\$	
<b>Mezzanine equity:</b>						
Series A convertible redeemable preferred shares ("Series A Preferred Shares") (US\$0.001 par value; 2,000,000 shares authorized as of December 31, 2018 and March 31, 2019, respectively; 544,688 issued and outstanding as of December 31, 2018 and March 31, 2019, respectively)	10	2,113,347	2,113,347	314,899	—	—
Series B convertible redeemable preferred shares ("Series B Preferred Shares") (US\$0.001 par value; 1,000,000 shares authorized as of December 31, 2018 and March 31, 2019, respectively; 272,343 and 279,152 issued and outstanding as of December 31, 2018 and March 31, 2019, respectively) (Series A Preferred Shares and Series B Preferred Shares, collectively "Preferred Shares")	10	2,164,994	2,219,826	330,764	—	—
<b>Total mezzanine equity</b>		<b>4,278,341</b>	<b>4,333,173</b>	<b>645,663</b>	<b>—</b>	<b>—</b>
<b>Shareholders' deficits:</b>						
Class B ordinary shares		—	—	—	21	3
Ordinary shares (US\$0.001 par value; 45,400,000 shares authorized as of December 31, 2018 and March 31, 2019, respectively; 750,000 issued and outstanding as of December 31, 2018 and March 31, 2019, respectively)	10	—	—	—	—	—
Angel-1 shares (US\$0.001 par value; 1,000,000 shares authorized; 915,750 issued and outstanding as of December 31, 2018 and March 31, 2019, respectively)	10	743,376	743,376	110,766	—	—
Angel-2 shares (US\$0.001 par value; 600,000 shares authorized; 513,000 issued and outstanding as of December 31, 2018 and March 31, 2019, respectively) (Angel-1 shares and Angel-2 shares, collectively "Angel Shares")	10	512,812	512,812	76,411	—	—
Additional paid-in capital		65,000	65,000	9,685	5,685,467	847,161
Accumulated deficits		(3,246,705)	(3,819,461)	(569,117)	(3,850,588)	(573,756)
Accumulated other comprehensive loss		(2,076)	(13,998)	(2,086)	(13,998)	(2,086)
<b>Total shareholders' deficits</b>		<b>(1,927,593)</b>	<b>(2,512,271)</b>	<b>(374,341)</b>	<b>1,820,902</b>	<b>271,322</b>
<b>Total liabilities, mezzanine equity and shareholders' deficits</b>		<b>3,485,076</b>	<b>2,900,715</b>	<b>432,221</b>		

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

LUCKIN COFFEE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2019

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

	Notes	For the three months ended March 31,		
		2018 RMB	2019 RMB	US\$
<b>Net revenues:</b>				
Freshly brewed drinks		9,575	361,095	53,805
Other products		1,403	83,980	12,513
Others		1,976	33,435	4,982
<b>Total net revenues</b>		<b>12,954</b>	<b>478,510</b>	<b>71,300</b>
Cost of materials		(9,419)	(275,812)	(41,097)
Store rental and other operating costs		(20,224)	(282,371)	(42,075)
Depreciation expenses		(3,965)	(83,979)	(12,513)
Sales and marketing expenses		(54,412)	(168,103)	(25,048)
General and administrative expenses		(39,022)	(172,962)	(25,772)
Store preopening and other expenses		(11,085)	(22,374)	(3,334)
<b>Total operating expenses</b>		<b>(138,127)</b>	<b>(1,005,601)</b>	<b>(149,839)</b>
<b>Operating loss</b>		<b>(125,173)</b>	<b>(527,091)</b>	<b>(78,539)</b>
Interest income		53	1,551	231
Interest and financing expenses		—	(7,945)	(1,184)
Foreign exchange loss, net		(6,409)	(8,640)	(1,287)
Other expenses		(700)	(1,337)	(199)
Change in the fair value of warrant liability	13	—	(8,322)	(1,240)
<b>Net loss before income taxes</b>		<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Income tax expense		—	—	—
<b>Net loss</b>		<b>(132,229)</b>	<b>(551,784)</b>	<b>(82,218)</b>
Add: accretion to redemption value of convertible redeemable preferred shares	11	—	(18,845)	(2,808)
Add: deemed distribution to a certain holder of Series B Preferred Shares		—	(2,127)	(317)
<b>Net loss attributable to the Company's ordinary shareholders and angel shareholders</b>		<b>(132,229)</b>	<b>(572,756)</b>	<b>(85,343)</b>
<b>Loss per share:</b>				
Ordinary shares—basic and diluted	11	(176.31)	(262.88)	(39.17)
Angel Shares—basic and diluted	11	—	(262.88)	(39.17)
<b>Weighted average shares outstanding used in calculating basic and diluted loss per share:</b>				
Ordinary shares—basic and diluted	11	750,000	750,000	750,000
Angel Shares—basic and diluted	11	—	1,428,750	1,428,750
<b>Pro forma loss per share:</b>				
Basic	11	—	(0.39)	(0.06)
Diluted	11	—	(0.39)	(0.06)
<b>Weighted average number of ordinary shares used in pro forma loss per share computation:</b>				
Basic	11	—	1,500,992,500	1,500,992,500
Diluted	11	—	1,500,992,500	1,500,992,500
<b>Other comprehensive loss, net of tax of nil:</b>				
Foreign currency translation difference, net of tax of nil		238	(11,922)	(1,776)
<b>Total comprehensive loss</b>		<b>(131,991)</b>	<b>(584,678)</b>	<b>(87,119)</b>

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

LUCKIN COFFEE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S  
DEFICITS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2019

(Amounts in thousands of RMB and US\$, except for number of shares)

	Notes	Ordinary Shares		Angel Shares		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficits	Total shareholders' deficits
		Shares	Amount	Shares	Amount				
<b>Balance as of January 1, 2018</b>		750,000	—	—	—	5,000	—	(56,371)	(51,371)
Net loss		—	—	—	—	—	—	(132,229)	(132,229)
Foreign currency translation difference		—	—	—	—	—	238	—	238
<b>Balance as of March 31, 2018</b>		<u>750,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,000</u>	<u>238</u>	<u>(188,600)</u>	<u>(183,362)</u>
<b>Balance as of January 1, 2019</b>		750,000	—	1,428,750	1,256,188	65,000	(2,076)	(3,246,705)	(1,927,593)
Net loss		—	—	—	—	—	—	(551,784)	(551,784)
Foreign currency translation difference		—	—	—	—	—	(11,922)	—	(11,922)
Accretion to redemption value of Series B Preferred Shares	10	—	—	—	—	—	—	(18,845)	(18,845)
Deemed distribution to a certain holder of Series B Preferred Shares	10	—	—	—	—	—	—	(2,127)	(2,127)
<b>Balance as of March 31, 2019</b>		<u>750,000</u>	<u>—</u>	<u>1,428,750</u>	<u>1,256,188</u>	<u>65,000</u>	<u>(13,998)</u>	<u>(3,819,461)</u>	<u>(2,512,271)</u>
<b>Balance as of March 31, 2019 (US\$)</b>			<u>—</u>		<u>187,177</u>	<u>9,685</u>	<u>(2,086)</u>	<u>(569,117)</u>	<u>(374,341)</u>

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

LUCKIN COFFEE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2019

(Amounts in thousands of RMB and US\$)

	For the three months ended March 31,		
	2018	2019	
	RMB	RMB	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	(132,229)	(551,784)	(82,218)
Foreign exchange loss, net	5,219	(4,529)	(675)
Depreciation expenses	3,965	83,979	12,513
Change in the fair value of warrant liability	—	8,322	1,240
Interest and financing expenses	—	452	67
Changes in operating assets and liabilities:			
Inventories	(34,131)	(38,949)	(5,804)
Receivables from online payment platforms	(507)	(2,889)	(430)
Prepaid expenses and other current assets	(36,063)	(53,877)	(8,027)
Other non-current assets	(8,123)	(2,191)	(326)
Accounts and note payable	16,619	1,685	251
Accrued expenses and other liabilities	42,081	(3,944)	(588)
Amounts due to related parties	14,673	(16,219)	(2,417)
Deferred revenues	4,851	(47,685)	(7,105)
<b>Net cash used in operating activities</b>	<b>(123,645)</b>	<b>(627,629)</b>	<b>(93,519)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(167,398)	(200,384)	(29,858)
Change in restricted cash	—	(530)	(79)
Proceeds received from maturity of short-term investments	—	130,000	19,371
Proceeds from a related party	—	147,559	21,987
<b>Net cash (used in)/generated from investing activities</b>	<b>(167,398)</b>	<b>76,645</b>	<b>11,421</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of Angel Shares	177,646	—	—
Proceeds from issuance of Series B Preferred Shares, net of issuance costs	—	33,861	5,045
Proceeds from short-term bank and other borrowings	—	102,016	15,201
Capital lease payments	—	(45,143)	(6,727)
Deposit for capital lease	—	(4,500)	(671)
<b>Net cash generated from financing activities</b>	<b>177,646</b>	<b>86,234</b>	<b>12,848</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(4,980)	(7,392)	(1,101)
Net decrease in cash and cash equivalents	(118,377)	(472,142)	(70,351)
Cash and cash equivalents at beginning of period	219,096	1,630,983	243,024
<b>Cash and cash equivalents at end of period</b>	<b>100,719</b>	<b>1,158,841</b>	<b>172,673</b>
<b>Supplemental disclosures of cash flow information:</b>			
Interests received	53	2,006	299
Interests paid, net of capitalization	—	(7,493)	(1,116)
<b>Supplemental disclosures of non-cash activities:</b>			
Purchase of property and equipment included in accrued expenses and other liabilities	(7,927)	—	—
Purchase of property and equipment through capital lease	—	(1,207)	(180)

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

**LUCKIN COFFEE INC.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in thousands of RMB and US\$, except for number of shares and per share data)**

**1. ORGANIZATION**

Luckin Coffee Inc. (the "Company") was incorporated in the Cayman Islands on June 16, 2017 under the Cayman Islands Companies Law as an exempted company with limited liability. The Company through its consolidated subsidiaries and variable interest entity (the "VIE") (collectively, the "Group") are principally engaged in the provision of retail services for high-quality and affordable freshly brewed drinks and pre-made food and beverage items in the People's Republic of China (the "PRC" or "China").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding financial reporting that are consistent with those used in the preparation of the Company's audited consolidated financial statements for the period from June 16 (date of inception) through December 31, 2017 and for the year ended December 31, 2018. Accordingly, these unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP for annual financial statements.

In the opinion of the Company's management, the accompanying unaudited interim condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, operating results and cash flows of the Company for each of the periods presented. The results of operations for the three-month ended March 31, 2019 are not necessarily indicative of results to be expected for any other interim period or for the year ending December 31, 2019. The condensed consolidated balance sheet as of December 31, 2018 was derived from the audited consolidated financial statements at that date but does not include all of the disclosures required by U.S. GAAP for annual financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period from June 16 (date of inception) through December 31, 2017 and for the year ended December 31, 2018.

**(b) Convenience translation**

Amounts in US\$ are presented for the convenience of the reader and are translated at the noon buying rate of US\$1.00 to RMB6.7112 on March 29, 2019, the last business day in March 2019, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be converted, realized or settled into US\$ at such rate or at any other rate.

**(c) Revenue recognition**

Customers place orders and pay for freshly brewed drinks and pre-made food and beverage items through the Group's self-developed app and Weixin mini-program with different options to pay through third party payment service providers. Revenues including delivery fees charged to customers are

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

recognized at the point of delivery to customers. Revenues are reported net of VAT of 6% to 16% and discounts, if any. Customers that purchase prepaid vouchers are issued additional vouchers of the same value for free at the time of purchase. All vouchers are stored in the "Coffee Wallet" of the customers' registered accounts for future use. Cash received from the sales of prepaid vouchers are recognized as deferred revenues. Purchase consideration is equally allocated to each voucher as an element, including the vouchers issued for free, using the relative-selling-price method to determine an effective selling price for each voucher. The allocated effective selling price are recognized as revenues upon the redemption of the vouchers for purchases.

From time to time, for promotional purposes, the Group issues to customers discounts in the form of coupons that can be applied for future purchases. As the customers are required to make future purchases of freshly brewed drinks or pre-made food and beverage items when redeeming the coupons, the Group recognizes the amounts of discounts as reductions of revenues at the time of coupon redemption in accordance with ASC 605-50.

During a limited period of time, the Group provided cash rewards to customers who made qualified purchases. The Group accrues the cash incentives as reductions of revenues at the time of sales assuming all of the cash incentives will be redeemed in accordance with ASC 605-50. The Group recognized the cash incentives as reductions of revenues for the three months ended March 31, 2018 and 2019 amounting to nil and RMB12.7 million (US\$1.9 million), respectively.

VAT is recorded as reduction of revenues. VAT amounted to RMB769 and RMB36,642 (US\$5,460) for the three months ended March 31, 2018 and 2019, respectively.

**(d) Share-based compensation**

The Group applies ASC 718, *Compensation—Stock Compensation* ("ASC 718"), to account for its employee share-based payments. In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or equity award. All the Company's share-based awards to employees were classified as equity awards and are recognized in the consolidated financial statements based on their grant date fair values. In accordance with ASC 718, the Company recognizes share-based compensation cost for equity awards to employees with a performance condition based on the probable outcome of that performance condition. Compensation cost is recognized using the accelerated method if it is probable that the performance condition will be achieved. The Group accounts for forfeitures as they occur in accordance with ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvement to Employee Share-based Payment Accounting*.

The Group, with the assistance of an independent third-party valuation firm, determined the fair value of the stock options granted to employees. The binomial option pricing model was applied in determining the estimated fair value of the options granted to employees.

**(e) Unaudited pro forma loss per share**

Conditional upon and immediately prior to the completion of the Company's Initial Public Offering (the "IPO"), the outstanding share capital will consist of Class A ordinary shares and Class B

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Conditional upon and immediately prior to the completion of the Company's IPO, the shareholders of the ordinary shares, Angel Shares, Series A Preferred Shares and Series B Preferred Shares issued and outstanding immediately prior to the completion of the IPO (collectively, "Pre-IPO Shareholders") will beneficially own all of the issued and outstanding Class B ordinary shares. Conditional upon and effective immediately prior to the completion of the Company's IPO, the authorized share capital will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each.

The unaudited pro forma loss per share is computed assuming the recognition of the share-based compensation expense of RMB31,127 (US\$4,638) related to options that vest upon IPO, using the weighted-average number of ordinary shares outstanding as of March 31, 2019 and assuming the automatic conversion of all of the Company's Angel Shares, Series A Preferred Shares and Series B Preferred Shares into 3,001,985 Class B ordinary shares. At the same time, the then every issued and unissued but authorized shares of par value of US\$0.001 is subdivided into 500 shares of par value of US\$0.000002 each upon the closing of the Company's IPO occurred on January 1, 2019.

## 3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As of	
	December 31, 2018	March 31, 2019
	RMB	RMB US\$ (Unaudited)
VAT recoverable	188,106	240,608 35,852
Prepaid rental and deposits	120,207	131,545 19,601
Prepayments	47,131	30,465 4,539
Deferred IPO cost	—	9,325 1,389
Interest receivables	456	— —
Others	9,610	14,695 2,190
	<u>365,510</u>	<u>426,638 63,571</u>

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 4. INVENTORIES

Inventories consisted of the following:

	As of		
	December 31, 2018	March 31, 2019	
	RMB	RMB	US\$
Raw materials	76,786	108,154	16,116
Packaging and other supplies	53,990	60,838	9,065
Pre-made food and beverage items	19,239	19,972	2,976
	150,015	188,964	28,157
Less: provision	—	—	—
	150,015	188,964	28,157

## 5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of		
	December 31, 2018	March 31, 2019	
	RMB	RMB	US\$
At cost:			
Store operating equipment	496,959	577,945	86,116
Leasehold improvements	478,075	539,236	80,349
Office equipment and others	37,565	40,426	6,024
	1,012,599	1,157,607	172,489
Less: accumulated depreciation	(107,607)	(191,586)	(28,547)
	904,992	966,021	143,942

Depreciation expense was RMB3,965 and RMB83,979 (US\$12,513) for the three months ended March 31, 2018 and 2019, respectively.

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 5. PROPERTY AND EQUIPMENT, NET (Continued)

The carrying amounts of the Group's store operating equipment held under capital lease at respective balance sheet dates were as follows:

	December 31, 2018	As of	
		March 31, 2019	
	RMB	RMB	US\$
		(Unaudited)	
At cost:			
Store operating equipment	175,500	242,181	36,086
	175,500	242,181	36,086
Less: accumulated depreciation	(22,062)	(35,539)	(5,295)
	153,438	206,642	30,791

Depreciation of store operating equipment under capital leases was nil and RMB13,477 (US\$2,008) for the three months ended March 31, 2018 and 2019, respectively.

Total future minimum lease payments of RMB113,161 (US\$16,862) under the capital lease was outstanding as of March 31, 2019. To secure the Group's obligation under the capital lease, the Group provided a corporate guarantee and Mr. Lu Zhengyao, chairman of the board of directors, provided a personal guarantee.

## 6. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	December 31, 2018	As of	
		March 31, 2019	
	RMB	RMB	US\$
		(Unaudited)	
Long-term deposits	85,425	87,616	13,055
Long-term prepayments	65,983	64,607	9,627
	151,408	152,223	22,682

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 7. BORROWINGS

Borrowings were as follows:

	As of	
	December 31, 2018	March 31, 2019
	RMB	RMB US\$ (Unaudited)
Short-term bank borrowings	8,000	65,582 9,772
Long-term borrowing, current portion	72,787	147,030 21,908
	80,787	212,612 31,680
Long-term borrowing, non-current portion	226,969	152,726 22,757
Total borrowings	307,756	365,338 54,437

The group entered into a loan facility for working capital purposes with SPD Bank Co., Ltd. ("SPD") on March 20, 2019, for a revolving loan facility in the maximum amount of RMB60,000 (US\$8,940). The unused loan facility amounted to RMB2,418 (US\$360) as of March 31, 2019 with an outstanding balance of RMB57,582 (US\$8,580). To secure the Group's obligation under the loan facility, the Group provided a corporate guarantee and Mr. Lu Zhengyao, chairman of the board of directors, and Ms. Qian Zhiya, director and chief executive officer, provided personal guarantees.

The short-term bank borrowings outstanding as of December 31, 2018 and March 31, 2019 bore a weighted average interest rate of 5.655% per annum and were denominated in RMB.

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following:

	As of	
	December 31, 2018	March 31, 2019
	RMB	RMB US\$ (Unaudited)
Payables for the purchase of property and equipment	119,995	65,995 9,834
Payroll and welfare payables	82,251	74,148 11,048
Payables for delivery costs	58,414	50,819 7,572
Payables for advertising expenditures	23,830	9,957 1,484
Payables for office supplies and utilities	40,876	51,991 7,747
Accrued liabilities	28,696	39,904 5,946
Others	16,955	18,796 2,802
	371,017	311,610 46,433

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 9. RELATED PARTY TRANSACTIONS

## (a) Related parties

Names of related parties	Relationship with the Company
Ms. Qian Zhiya	A director and chief executive officer of the Company
Mr. Chen Min*	A director of the Company
UCAR Inc. ("UCAR")	An entity controlled by the chairman of the board of directors of the Company
Haode Group Inc. ("Haode Group")	An affiliate of the chairman of the board of directors of the Company
Haode Investment Inc. ("Haode Investment")	An affiliate of the chairman of the board of directors of the Company
Primus Investments Fund, L.P. ("Primus")	An affiliate of the chairman of the board of directors of the Company
STAR GROVE GLOBAL LIMITED ("STAR")	A shareholder of the Company
Beijing QWOM Digital Technology Co., Ltd. ("QWOM")	An affiliate of the chairman of the board of directors of the Company

\* Mr. Chen Min no longer serves as a director of the Company since February 21, 2019.

## (b) Other than disclosed elsewhere, the Company had the following significant related party transactions and for the three months ended March 31, 2018 and 2019:

	For the three months ended		
	March 31,		
	2018	2019	
	RMB	RMB	US\$
	(Unaudited)	(Unaudited)	
Services received from:			
—QWOM	4,154	7,622	1,136
—UCAR	549	1,074	160
Receipt of loan to a related party:			
—Haode Group	—	147,559	21,987

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 9. RELATED PARTY TRANSACTIONS (Continued)

(c) The Company had the following related party balances as of December 31, 2018 and March 31, 2019:

	As of		
	December 31, 2018	March 31, 2019	
	RMB	RMB	US\$
Amounts due to related parties:			
—QWOM	23,236	7,018	1,046
—UCAR	962	961	143
	<u>24,198</u>	<u>7,979</u>	<u>1,189</u>

All balances with the related parties as of December 31, 2018 and March 31, 2019 were unsecured, interest-free and had no fixed terms of repayments.

## 10. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On January 9, 2019, the Company issued additional 6,809 Series B convertible redeemable preferred shares (the "Series B Preferred Shares") to Galaxy Shine Limited at the price of US\$734.37 per share for an aggregate purchase consideration of US\$5,000. The cash proceeds received was US\$4,940, net of issuance costs of US\$60.

All significant terms of the additional Series B Preferred Shares issued in 2019 are the same as that those issued in 2018 and disclosed in the Company's audited consolidated financial statements for the period from June 16 (date of inception) through December 31, 2017 and for the year ended December 31, 2018.

The additional Series B Preferred Shares were initially recognized at fair value of US\$5,362. The excess of the then fair value of the Series B Preferred Shares over the consideration received or US\$317 was accounted for as deemed distribution to Galaxy Shine Limited.

The Group recognized changes in redemption value of RMB18,845 (US\$2,808) during the three months ended March 31, 2019 and adjusted the additional Series B Preferred Shares to the redemption value at March 31, 2019 as if March 31, 2019 was also the redemption date for the additional Series B Preferred Shares.

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 11. LOSS PER SHARE

Basic and diluted loss per share for the periods presented were calculated as follows:

	For the three months ended		
	2018	March 31,	
	RMB	RMB	US\$
<i>Numerator:</i>			
Net loss	(132,229)	(551,784)	(82,218)
Add: accretion to redemption value of convertible redeemable preferred shares	—	(18,845)	(2,808)
Add: deemed distribution to a certain holder of Series B Preferred Shares	—	(2,127)	(317)
Net loss attributable to the Company's ordinary shareholders and angel shareholders	<u>(132,229)</u>	<u>(572,756)</u>	<u>(85,343)</u>
<i>Denominator:</i>			
Weighted average number of ordinary shares outstanding used in calculating basic and diluted loss per share	750,000	750,000	750,000
Weighted average number of Angel Shares outstanding used in calculating basic and diluted loss per share	—	1,428,750	1,428,750
Allocation of undistributed loss—basic and diluted:			
To ordinary shares	(132,229)	(197,162)	(29,378)
To Angel Shares	—	(375,594)	(55,965)
Basic and diluted loss per share:			
To ordinary shares	(176.31)	(262.88)	(39.17)
To Angel Shares	—	(262.88)	(39.17)

The effects of all Preferred Shares and options were excluded from the calculation of diluted loss per share as their effects would be anti-dilutive for the three months ended March 31, 2018 and 2019.

Conditional upon and effective immediately prior to the completion of the Company's IPO, the outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Conditional upon and effective immediately prior to the completion of the Company's IPO, the shareholders of the ordinary shares, Angel Shares, Series A Preferred Shares and Series B Preferred Shares issued and outstanding immediately prior to the completion of the IPO (collectively, "Pre-IPO Shareholders") will beneficially own all of the issued and outstanding Class B ordinary shares. Conditional upon and effective immediately prior to the completion of the Company's IPO, the authorized share capital will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each.

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**11. LOSS PER SHARE (Continued)**

The unaudited pro forma loss per share is computed assuming the recognition of the share-based compensation expense of RMB31,127 (US\$4,638) related to options that vest upon IPO, using the weighted-average number of ordinary shares outstanding and assuming the automatic conversion of all of the Company's Angel Shares, Series A Preferred Shares and Series B Preferred Shares into 3,001,985 Class B ordinary shares, and the then every issued and unissued but authorized shares of par value of US\$0.001 is subdivided into 500 shares of par value of US\$0.000002 each upon the closing of the Company's IPO occurred on January 1, 2019. The Group believes the unaudited pro forma net loss per share provides material information to investors and the disclosure of pro forma loss per ordinary share provides an indication of net loss per ordinary share that is comparable to what will be reported by the Group as a public company following the closing of the IPO.

The following table summarized the unaudited pro forma loss per share attributable to ordinary shareholders:

	For the three months ended	
	March 31,	
	2019	
	RMB	US\$
<i>Numerator:</i>		
Net loss	(551,784)	(82,218)
Add: share-based compensation expenses	(31,127)	(4,638)
Adjusted net loss	<u>(582,911)</u>	<u>(86,856)</u>
<i>Denominator:</i>		
Conversion of weighted average number of ordinary shares to Class B ordinary shares used in pro forma loss per share computation—basic and diluted	375,000,000	375,000,000
Conversion of Angel Shares and Preferred Shares to Class B ordinary shares	<u>1,125,992,500</u>	<u>1,125,992,500</u>
Pro forma weighted average numbers of ordinary shares outstanding—basic and diluted	<u>1,500,992,500</u>	<u>1,500,992,500</u>
Pro forma loss per share—basic and diluted	(0.39)	(0.06)

**12. SHARE BASED COMPENSATION**

On January 18, 2019, the shareholders and Board of Directors of the Company approved the 2019 share option plan (the "2019 Plan"), which is administrated by the Board of Directors and has a term of 10 years from the date of adoption. Under the 2019 Plan, the Company issued 158,031 ordinary shares of the Company to its eligible employees, officers, directors or any other individual as determined by the board of directors. The purpose of the 2019 Plan is to attract and retain exceptionally qualified individuals and to motivate them to exert their best efforts on behalf of the Group by providing incentives through granting awards.

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 12. SHARE BASED COMPENSATION (Continued)

The options granted under the 2019 Plan have a contractual term of 10 years. The first 25% of the share options shall vest on December 31, 2019, which is "the First Vesting Date" and 25% of the share options shall vest on each anniversary day from the First Vesting Date thereafter over the next three years.

The grantees can exercise vested options after the commencement date of exercise and before the earlier of: 1) its contractual term (i.e. 10 years after its grant date); or 2) upon the grantee terminates their employment if the vested option has not been exercised. The commencement date of exercise is upon the completion of the Company's IPO.

*Options granted to employees*

The options granted to employees are accounted for as equity awards and measured at their grant date fair values. Given that the inability of the grantees to exercise these options until the completion of the Company's IPO constitutes a performance condition that is not considered probable until the completion of the Company's IPO, the Company will not recognize any compensation expense until the IPO occurs. Upon the completion of the IPO, the Company will immediately recognize expenses associated with the options which are vested. The Company will recognize the remaining compensation expenses over the remaining service requisite periods using the accelerated method.

A summary of the employee equity award activity under the 2019 Plan is stated below:

	Number of options	Weighted- average exercise price US\$	Weighted- average grant-date fair value US\$	Weighted- average remaining contractual term Years	Aggregate intrinsic Value US\$
Outstanding, December 31, 2018	—	—	—	—	—
Granted	158,031	0.1	43,045	—	—
Forfeited	—	—	—	—	—
Outstanding, March 31, 2019	<u>158,031</u>	0.1	43,045	9.8	83,813
Vested and expected to vest at March 31, 2019	<u>158,031</u>	0.1			83,813
Exercisable at March 31, 2019	<u>—</u>				

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company's ordinary share as of March 31, 2019 and the option's respective exercise price. Total intrinsic value of options exercised for the three months ended March 31, 2019 was nil as no options were exercised.

The total weighted average grant-date fair value of the equity awards granted during the three months ended March 31, 2019 was US\$272 per option respectively. No awards were vested during the three months ended March 31, 2019.

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

**12. SHARE BASED COMPENSATION (Continued)**

As of March 31, 2019, there was US\$43,045 of unrecognized share-based compensation expense, related to unvested awards. Total unrecognized compensation cost may be adjusted for actual forfeitures occurring in the future.

***Fair value of employee share options***

The fair value of share options was determined using the binomial option valuation model, with the assistance from an independent third-party appraiser. The binomial model requires the input of highly subjective assumptions, including the expected share price volatility and the suboptimal early exercise factor. For expected volatilities, the Company has made reference to historical volatilities of several comparable companies. The suboptimal early exercise factor was estimated based on the Company's expectation of exercise behavior of the grantees. The dividend yield is estimated based on the Company's expected dividend policy over the expected term of the options. The risk-free rate for periods within the contractual lives of the options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The exercised multiple is estimated based on the changes in intrinsic value of the options and the likelihood of early exercises by employees. The estimated fair value of the ordinary shares, at the option grant dates, were determined with the assistance from an independent third-party appraiser. The Company's management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

***Fair value of employee share options***

The assumptions used to estimate the fair value of the share options granted to employees were as follows:

	<u>2019</u>
Risk-free interest rate	2.79%
Expected volatility	41.06%
Expected dividend yield	0.00%
Exercise multiple	2.80
Expected post-vesting forfeiture rate	0.00%
Fair value of an underlying ordinary share	272.48

**13. FAIR VALUE MEASUREMENTS**

The warrant liability is classified within Level 3. The Group estimated the fair value of the warrant liability as of March 31, 2019 using the binomial-lattice option valuation model, based on the remaining contractual term of the warrants, risk-free interest rate and expected volatility of the price of the underlying Preferred Shares. The assumptions used, including the market value of the underlying Preferred Shares in the latest round of financing and the expected volatility were subjective unobservable inputs. Significant increases (decreases) in the inputs used in the fair value measurement of the Level 3 warrant liability in isolation would result in a significant lower (higher) fair value measurement.

LUCKIN COFFEE INC.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

13. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth the financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2018 and March 31, 2019:

	Fair value measurement using:			Fair value at December 31, 2018 RMB
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	
	RMB	RMB	RMB	
Warrant liability	—	—	19,520	19,520
Liability	—	—	19,520	19,520

	Fair value measurement using:			Fair value at March 31, 2019	
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	RMB	US\$
	RMB	RMB	RMB	RMB	US\$
Warrant liability	—	—	27,842	27,842	4,149
Liability	—	—	27,842	27,842	4,149

The following table presents a reconciliation of the warrant liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Warrant liability RMB
Fair value at January 1, 2018	—
Day one fair value	244
Change in fair value	19,276
Fair value at December 31, 2018	19,520
Fair value at January 1, 2019	19,520
Change in fair value	8,322
Fair value at March 31, 2019	27,842
Fair value at March 31, 2019 (in US\$)	4,149

## LUCKIN COFFEE INC.

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

## 14. COMMITMENTS AND CONTINGENCIES

*(a) Operating lease commitments*

The Group leases stores and offices for operation under operating leases. Future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year consisted of the following as of March 31, 2019:

	<u>RMB</u>	<u>US\$</u>
Remaining 2019	475,384	70,834
2020	401,305	59,796
2021	238,291	35,506
2022	115,332	17,185
2023 and thereafter	50,343	7,501
<b>Total</b>	<u>1,280,655</u>	<u>190,822</u>

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases.

*(b) Capital commitments*

As of March 31, 2019, the Group had the following capital commitment related to capital expenditures for the renovation and decoration of its stores:

	<u>RMB</u>	<u>US\$</u>
2019	24,139	3,597
<b>Total</b>	<u>24,139</u>	<u>3,597</u>

## 15. SUBSEQUENT EVENTS

In April 2019, the Company issued 173,182 Series B-1 convertible redeemable preferred shares to third-party investors at US\$865.91 per share for an aggregate purchase consideration of US\$149,960. The cash proceeds received was US\$149,885, net of issuance costs of US\$75.

On April 16, 2019, the board of directors approved the dual-class share structure such that ordinary shares will consist of Class A ordinary shares and Class B ordinary shares, which will become effective conditional upon and immediately prior to the completion of the IPO. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

On the same day, the board of directors also approved that the authorized share capital conditional upon and effective immediately prior to the completion of the IPO will be US\$50,000 divided into 25,000,000,000 ordinary shares of a par value of US\$0.000002 each.

**LUCKIN COFFEE INC.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of RMB and US\$, except for number of shares and per share data)**

**15. SUBSEQUENT EVENTS (Continued)**

In April 2019, the Company agreed with Louis Dreyfus Company Asia Pte. Ltd., an affiliate of Louis Dreyfus Company B.V., a leading merchant and processor of agricultural goods, that two parties intended to incorporate a joint venture for constructing and operating a coffee roasting plant in China. In connection with and subject to the completion of the IPO, Louis Dreyfus Company B.V. would purchase from the Company a number of Class A ordinary shares through a concurrent private placement transaction.

In April 2019, TTCO Trust Corporation Limited ("TTCO") gave notice to exercise the warrant and the Company will issue 15,211 Series B-1 convertible redeemable preferred shares for a cash consideration of US\$8.9 million.



Be part of  
**everyone's everyday life,**  
starting with  
**coffee**



## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences or committing a crime. Our post-offering memorandum and articles of association that will become effective immediately prior to the completion of this offering provide that each officer or director of our company (but not auditors) shall be indemnified against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such director or officer, other than by reason of such person's own dishonesty or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his or her duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the form of indemnification agreements filed as Exhibit 10.2 to this registration statement, we will agree to indemnify our directors and officers against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

The form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

Since our inception, we have issued the following securities. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation D under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a

public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

<b>Purchaser</b>	<b>Date of Issuance</b>	<b>Title and Number of Securities</b>	<b>Consideration</b>	<b>Underwriting Discount and Commission</b>
Harneys Services (Cayman) Limited	June 16, 2017	1 ordinary share <sup>(1)</sup>	US\$1	Not Applicable
Summer Story Limited	August 8, 2017	1 ordinary share <sup>(2)</sup>	US\$1	Not Applicable
Summer Fame Limited	March 13, 2018	623 ordinary shares <sup>(3)</sup>	US\$623	Not Applicable
May Bliss Limited	March 13, 2018	125 ordinary shares <sup>(4)</sup>	US\$125	Not Applicable
Primus Investments Fund, L.P.	June 29, 2018	375,000 angel-1 shares	US\$49,830,419	Not Applicable
Mayer Investments Fund, L.P.	June 29, 2018	393,750 angel-1 shares	US\$52,321,940	Not Applicable
Star Grove Global Limited	June 29, 2018	147,000 angel-1 shares	US\$19,533,524	Not Applicable
Haode Investment Inc.	June 29, 2018	513,000 angel-2 shares	US\$68,168,013	Not Applicable
Lucky Cup Holdings Limited	June 29, 2018	272,344 Series A convertible redeemable preferred shares	US\$100,000,000	Not Applicable
Joy Capital II, L.P.	June 29, 2018	68,086 Series A convertible redeemable preferred shares	US\$25,000,000	Not Applicable
Joy Luck Management Limited	June 29, 2018	40,852 Series A convertible redeemable preferred shares	US\$15,000,000	Not Applicable
Galaxy Shine Limited	June 29, 2018	27,234 Series A convertible redeemable preferred shares	US\$10,000,000	Not Applicable
Haode Investment Inc.	June 29, 2018	81,703 Series A convertible redeemable preferred shares	US\$30,000,000	Not Applicable
Carob Investment Pte Ltd.	June 29, 2018	54,469 Series A convertible redeemable preferred shares	US\$20,000,000	Not Applicable
Joy Capital II, L.P.	November 15, 2018	10,894 Series B convertible redeemable preferred shares	US\$8,000,000	Not Applicable
Honour Ample Limited	November 15, 2018	70,809 Series B convertible redeemable preferred shares	US\$52,000,000	Not Applicable
Joy Luck Management Limited	November 15, 2018	23,830 Series B convertible redeemable preferred shares	US\$17,500,000	Not Applicable
Fortunate Cup Holdings Limited	November 15, 2018	105,533 Series B convertible redeemable preferred shares	US\$77,500,000	Not Applicable
Blue Fortune Limited	November 15, 2018	27,234 Series B convertible redeemable preferred shares	US\$20,000,000	Not Applicable
Carob Investment Pte Ltd.	November 15, 2018	34,043 Series B convertible redeemable preferred shares	US\$25,000,000	Not Applicable
Galaxy Shine Limited	January 9, 2019	6,809 Series B convertible redeemable preferred shares	US\$5,000,000	Not Applicable
Darsana Master Fund LP	April 17, 2019	28,871 Series B-1 convertible redeemable preferred shares	US\$25,000,000	Not Applicable

<b>Purchaser</b>	<b>Date of Issuance</b>	<b>Title and Number of Securities</b>	<b>Consideration</b>	<b>Underwriting Discount and Commission</b>
Bel45 Private Opportunities Fund, L.P.	April 17, 2019	4,619 Series B-1 convertible redeemable preferred shares	US\$3,999,638	Not Applicable
Tango Capital Opportunities Fund, L.P.	April 17, 2019	4,042 Series B-1 convertible redeemable preferred shares	US\$3,500,008	Not Applicable
TSCL Private Markets Fund, L.P.	April 17, 2019	1,224 Series B-1 convertible redeemable preferred shares	US\$1,059,874	Not Applicable
NDSIB Private Opportunities Fund, L.P.	April 17, 2019	2,857 Series B-1 convertible redeemable preferred shares	US\$2,473,905	Not Applicable
BlackRock Private Opportunities Fund IV, L.P.	April 17, 2019	3,383 Series B-1 convertible redeemable preferred shares	US\$2,929,374	Not Applicable
BR POF IV Cayman Master Fund, L.P.	April 17, 2019	12,943 Series B-1 convertible redeemable preferred shares	US\$11,207,473	Not Applicable
High Rock Direct Fund, L.P.	April 17, 2019	2,449 Series B-1 convertible redeemable preferred shares	US\$2,120,614	Not Applicable
BlackRock MD Private Opportunities Fund, L.P.	April 17, 2019	1,265 Series B-1 convertible redeemable preferred shares	US\$1,095,376	Not Applicable
1885 Private Opportunities Fund, L.P.	April 17, 2019	2,449 Series B-1 convertible redeemable preferred shares	US\$2,120,614	Not Applicable
NHRS Private Opportunities Fund, L.P.	April 17, 2019	6,124 Series B-1 convertible redeemable preferred shares	US\$5,302,833	Not Applicable
Sullivan Way Private Opportunities Fund, L.P.	April 17, 2019	1,837 Series B-1 convertible redeemable preferred shares	US\$1,590,677	Not Applicable
Coin Private Opportunities, L.P.	April 17, 2019	1,154 Series B-1 convertible redeemable preferred shares	US\$999,260	Not Applicable
POF III Scottish Master, L.P.	April 17, 2019	1,840 Series B-1 convertible redeemable preferred shares	US\$1,593,274	Not Applicable
BlackRock Inverwood Private Opportunities Fund, L.P.	April 17, 2019	4,042 Series B-1 convertible redeemable preferred shares	US\$3,500,008	Not Applicable
OV Private Opportunities, L.P.	April 17, 2019	2,425 Series B-1 convertible redeemable preferred shares	US\$2,099,832	Not Applicable
Red River Direct Investment Fund III, L.P.	April 17, 2019	17,322 Series B-1 convertible redeemable preferred shares	US\$14,999,293	Not Applicable

<b>Purchaser</b>	<b>Date of Issuance</b>	<b>Title and Number of Securities</b>	<b>Consideration</b>	<b>Underwriting Discount and Commission</b>
BR/ERB Co-Investment Fund II, L.P.	April 17, 2019	4,082 Series B-1 convertible redeemable preferred shares	US\$3,534,645	Not Applicable
BlackRock MSV Private Opportunities Fund, L.P.	April 17, 2019	57,742 Series B-1 convertible redeemable preferred shares	US\$49,999,375	Not Applicable
Private Equity Partners VII Master, L.P.	April 17, 2019	7,003 Series B-1 convertible redeemable preferred shares	US\$6,063,968	Not Applicable
Private Equity Partners VII US, L.P.	April 17, 2019	495 Series B-1 convertible redeemable preferred shares	US\$428,625	Not Applicable
BlackRock Private Opportunities Fund IV Master SCSp	April 17, 2019	3,883 Series B-1 convertible redeemable preferred shares	US\$3,362,329	Not Applicable
Total Alternatives Fund—Private Equity LP	April 17, 2019	630 Series B-1 convertible redeemable preferred shares	US\$545,523	Not Applicable
Total Alternatives Fund—Private Equity (B) LP	April 17, 2019	501 Series B-1 convertible redeemable preferred shares	US\$433,821	Not Applicable

- (1) One ordinary share was transferred to Summer Fame Limited on August 4, 2017 and was subdivided into 1,000 ordinary shares upon a 1:1000 share split on March 13, 2018.
- (2) One ordinary share was transferred to Summer Fame Limited on March 13, 2018 and was subdivided into 1,000 ordinary shares upon a 1:1000 share split on March 13, 2018.
- (3) 623 ordinary shares were subdivided into 623,000 ordinary shares upon a 1:1000 share split on March 13, 2018.
- (4) 125 ordinary shares were subdivided into 125,000 ordinary shares upon the share split on March 13, 2018.

In connection with and subject to the completion of this offering, Louis Dreyfus Company B.V. has agreed to purchase from us a number of Class A ordinary shares equal to US\$50 million divided by the price equal to the initial public offering price of our ADSs in this offering divided by the number of Class A Ordinary Shares represented by one ADS.

We believe that the concurrent private placement described above is exempt from registration in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions.

#### **ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

(a) Exhibits

See Exhibit Index beginning on page II-6 of this registration statement.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

**ITEM 9. UNDERTAKINGS.**

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**LUCKIN COFFEE INC.**  
**EXHIBIT INDEX**

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	<a href="#">Fourth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect</a>
3.2	<a href="#">Form of Fifth Amended and Restated Memorandum and Articles of Association of the Registrant, as effective immediately prior to the completion of this offering</a>
4.1*	Form of Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Class A Ordinary Shares
4.3*	Form of Deposit Agreement between the Registrant, the depository and holders of the American Depositary Shares
5.1	<a href="#">Opinion of Conyers Dill &amp; Pearman regarding the validity of the Class A ordinary shares being registered</a>
8.1	<a href="#">Opinion of Conyers Dill &amp; Pearman regarding certain Cayman Island tax matters</a>
8.2	<a href="#">Opinion of King &amp; Wood Mallesons regarding certain PRC tax matters (included in Exhibit 99.2)</a>
10.1	<a href="#">2019 Share Option Plan</a>
10.2	<a href="#">Form of Indemnification Agreement between the Registrant and its directors and executive officers</a>
10.3	<a href="#">Form of Employment Agreement between the Registrant and its executive officers</a>
10.4	<a href="#">Series A Preferred Share Purchase Agreement by and among the Registrant, Zhiya Qian, Summer Fame Limited, Min Chen, May Bliss Limited, Haode Investment Inc., Primus Investments Fund, L.P., Mayer Investments Fund, L.P., STAR GROVE GLOBAL LIMITED, Lucky Cup Holdings Limited, Joy Capital II, L.P., Joy Luck Management Limited, Galaxy Shine Limited, Carob Investment Pte Ltd and other parties named therein dated June 22, 2018</a>
10.5	<a href="#">Series B Preferred Share Purchase Agreement by and among the Registrant, Zhiya Qian, Summer Fame Limited, Min Chen, May Bliss Limited, Haode Investment Inc., Joy Capital II, L.P., Honour Ample Limited, Joy Luck Management Limited, Fortunate Cup Holdings Limited, China International Capital Corporation (Hong Kong) Limited, Carob Investment Pte Ltd and other parties named therein dated November 2, 2018</a>
10.6	<a href="#">Additional Series B Preferred Share Purchase Agreement by and among the Registrant, Zhiya Qian, Summer Fame Limited, Min Chen, May Bliss Limited, Haode Investment Inc., Galaxy Shine Limited and other parties named therein dated January 9, 2019</a>

Exhibit Number	Description of Document
10.7	<a href="#"><u>Series B-1 Preferred Share Purchase Agreement by and among the Registrant, Zhiya Qian, Summer Fame Limited, Min Chen, May Bliss Limited, Haode Investment Inc., Darsana Master Fund LP, Bel45 Private Opportunities Fund, L.P., Tango Capital Opportunities Fund, L.P., TSCL Private Markets Fund, L.P., NDSIB Private Opportunities Fund, L.P., BlackRock Private Opportunities Fund IV, L.P., BR POF IV Cayman Master Fund, L.P., High Rock Direct Fund, L.P., BlackRock MD Private Opportunities Fund, L.P., 1885 Private Opportunities Fund, L.P., NHRS Private Opportunities Fund, L.P., Sullivan Way Private Opportunities Fund, L.P., Coin Private Opportunities, L.P., POF III Scottish Master, L.P., BlackRock Inverwood Private Opportunities Fund, L.P., OV Private Opportunities, L.P., Red River Direct Investment Fund III, L.P., BR/ERB Co-Investment Fund II, L.P., BlackRock MSV Private Opportunities Fund, L.P., Private Equity Partners VII Master, L.P., Private Equity Partners VII US, L.P., BlackRock Private Opportunities Fund IV Master SCSp, Total Alternatives Fund—Private Equity LP, Total Alternatives Fund—Private Equity (B) LP and other parties named therein dated April 12, 2019</u></a>
10.8	<a href="#"><u>Third Amended and Restated Investors' Rights Agreement by and among the Registrant Registrant, Zhiya Qian, Summer Fame Limited, Min Chen, May Bliss Limited, Haode Investment Inc., Primus Investments Fund, L.P., Mayer Investments Fund, L.P., Star Grove Global Limited, Lucky Cup Holdings Limited, Joy Capital II, L.P., Joy Luck Management Limited, Galaxy Shine Limited, Carob Investment Pte Ltd, Honour Ample Limited, Fortunate Cup Holdings Limited, Blue Fortune Limited, Darsana Master Fund LP, Bel45 Private Opportunities Fund, L.P., Tango Capital Opportunities Fund, L.P., TSCL Private Markets Fund, L.P., NDSIB Private Opportunities Fund, L.P., BlackRock Private Opportunities Fund IV, L.P., BR POF IV Cayman Master Fund, L.P., High Rock Direct Fund, L.P., BlackRock MD Private Opportunities Fund, L.P., 1885 Private Opportunities Fund, L.P., NHRS Private Opportunities Fund, L.P., Sullivan Way Private Opportunities Fund, L.P., Coin Private Opportunities, L.P., POF III Scottish Master, L.P., BlackRock Inverwood Private Opportunities Fund, L.P., OV Private Opportunities, L.P., Red River Direct Investment Fund III, L.P., BR/ERB Co-Investment Fund II, L.P., BlackRock MSV Private Opportunities Fund, L.P., Private Equity Partners VII Master, L.P., Private Equity Partners VII US, L.P., BlackRock Private Opportunities Fund IV Master SCSp, Total Alternatives Fund—Private Equity LP, Total Alternatives Fund—Private Equity (B) LP, Taide Investment Management Ltd and other parties named therein dated April 17, 2019</u></a>
10.9	<a href="#"><u>Subscription Agreement by and between the Registrant and Louis Dreyfus Company B.V. dated April 19, 2019</u></a>
10.10	<a href="#"><u>Master Exclusive Service Agreement between Beijing WFOE and Beijing Luckin Coffee Technology Ltd. dated July 20, 2018</u></a>
10.11	<a href="#"><u>Business Cooperation Agreement among Beijing WFOE, Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018</u></a>
10.12	<a href="#"><u>Proxy Agreement and Power of Attorney among Beijing WFOE, Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018</u></a>
10.13	<a href="#"><u>Exclusive Option Agreement among Beijing WFOE, Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018</u></a>
10.14	<a href="#"><u>Share Pledge Agreement between Beijing WFOE and the shareholders of Beijing Luckin Coffee Technology Ltd. dated September 20, 2018</u></a>

<u>Exhibit Number</u>	<u>Description of Document</u>
10.15	<a href="#">Confirmation and Guarantee Letter granted by Ms. Jenny Zhiya Qian dated September 20, 2018</a>
10.16	<a href="#">Confirmation and Guarantee Letter granted by Mr. Min Chen dated September 20, 2018</a>
10.17	<a href="#">Spousal Consent granted by the spouse of Mr. Min Chen dated September 20, 2018</a>
21.1	<a href="#">List of Significant Subsidiaries and VIE of the Registrant</a>
23.1	<a href="#">Consent of Ernst &amp; Young Hua Ming LLP, Independent Registered Public Accounting Firm</a>
23.2	<a href="#">Consent of Conyers Dill &amp; Pearman (included in Exhibit 5.1)</a>
23.3	<a href="#">Consent of King &amp; Wood Mallesons (included in Exhibit 99.2)</a>
24.1	<a href="#">Powers of Attorney (included on signature page)</a>
99.1	<a href="#">Code of Business Conduct and Ethics of the Registrant</a>
99.2	<a href="#">Opinion of King &amp; Wood Mallesons regarding certain PRC law matters</a>
99.3	<a href="#">Consent of Frost &amp; Sullivan</a>
99.4	<a href="#">Consent of Sean Shao</a>
99.5	<a href="#">Consent of Thomas P. Meier</a>

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\* To be filed by amendment.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, China, on April 22, 2019.

Luckin Coffee Inc.

By: /s/ JENNY ZHIYA QIAN

Name: Jenny Zhiya Qian

Title: Director and Chief Executive Officer

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jenny Zhiya Qian and Reinout Hendrik Schakel as attorneys-in-fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ CHARLES ZHENGYAO LU</u> Name: Charles Zhengyao Lu	Chairman of the Board of Directors	April 22, 2019
<u>/s/ JENNY ZHIYA QIAN</u> Name: Jenny Zhiya Qian	Director and Chief Executive Officer (principal executive officer)	April 22, 2019
<u>/s/ JIAN LIU</u> Name: Jian Liu	Director and Chief Operating Officer	April 22, 2019
<u>/s/ JINYI GUO</u> Name: Jinyi Guo	Director and Senior Vice President	April 22, 2019
<u>/s/ HUI LI</u> Name: Hui Li	Director	April 22, 2019
<u>/s/ ERHAI LIU</u> Name: Erhai Liu	Director	April 22, 2019
<u>/s/ REINOUT HENDRIK SCHAKEL</u> Name: Reinout Hendrik Schakel	Chief Financial Officer and Chief Strategy Officer (principal financial and accounting officer)	April 22, 2019

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Luckin Coffee Inc., has signed this Registration Statement or amendment thereto in New York on April 22, 2019.

Authorized U.S. Representative  
Cogency Global Inc.

By: /s/ CHIANG SHEUNG LIN

Name: Chiang Sheung Lin  
Title: *Assistant Secretary*



**THE COMPANIES LAW (AS AMENDED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**FOURTH AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION**

**OF**

**Luckin Coffee Inc.**

**(Adopted by Special Resolution on April 17, 2019)**

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**THE COMPANIES LAW (AS AMENDED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**FOURTH AMENDED AND RESTATED  
MEMORANDUM OF ASSOCIATION  
OF  
Luckin Coffee Inc.**

**(Adopted by Special Resolution on April 17, 2019)**

- 1 The name of the Company is Luckin Coffee Inc..
  - 2 The Registered Office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, or at such other place within the Cayman Islands as the Directors may decide.
  - 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (as amended), or any other law of the Cayman Islands.
  - 4 The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
  - 5 The share capital of the Company is US\$50,000 divided into 50,000,000 shares of a par value of US\$0.001 each, of which (i) 44,400,000 shares are designated as Ordinary Shares; (ii) 1,000,000 shares are designated as Angel-1 Shares; (iii) 600,000 shares are designated as Angel-2 Shares; (iv) 2,000,000 shares are designated as Series A Preferred Shares; (v) 1,000,000 shares are designated as Series B Preferred Shares; and (vi) 1,000,000 shares are designated as Series B-1 Preferred Shares.
  - 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
  - 7 Capitalised terms that are not defined in this Fourth Amended and Restated Memorandum of Association bear the same meaning as those given in the Fourth Amended and Restated Articles of Association of the Company.
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THE COMPANIES LAW (2018 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

FOURTH AMENDED AND RESTATED  
ARTICLES OF ASSOCIATION  
OF  
Luckin Coffee Inc.

(Adopted by Special Resolution on April 17, 2019)

**1 Interpretation**

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Affiliate”	means with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person.
“Agent”	means with respect to an entity, any director, officer, employee or other representative of such Person; any Person for whose acts such entity may be vicariously liable; and any other Person that acts for or on behalf of, or provides services for or on behalf of, such entity, in each case, whilst acting in his capacity as such.
“Angel Shareholders”	means holders of Angel Shares.
“Angel Shares”	means the Angel-1 Shares and the Angel-2 Shares, collectively.
“Angel-1 Investors”	has the same meaning of the “Angel-1 Investor Parties” as in the Investors’ Rights Agreement.
“Angel-1 Shares”	means the angel-1 shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.

<b>“Angel-2 Shares”</b>	means the angel-2 shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.
<b>“Applicable Conversion Price”</b>	means the Series A Conversion Price with respect to a Series A Preferred Share, the Series B Conversion Price with respect to a Series B Preference Share and the Series B-1 Conversion Price with respect to a Series B-1 Preferred Share.
<b>“Applicable Laws”</b>	means with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.
<b>“Articles”</b>	means these Articles of Association of the Company, including Exhibit A attached hereto, in their present form or, as may be amended or supplemented from time to time by a Special Resolution and subject to the consent required under these Articles and the Investors’ Rights Agreement.
<b>“Auditor”</b>	means the persons for the time being performing the duties of auditors of the Company;
<b>“Board” or “Board of Directors”</b>	means the board of directors of the Company;
<b>“Business Day”</b>	means any day other than a Saturday, Sunday or a day that the banks in PRC, Hong Kong, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.
<b>“Chairman”</b>	means the chairman of the Board
<b>“Closing”</b>	has the same meaning of the “Closing” as in the Investors’ Rights Agreement
<b>“Company”</b>	means the above named company.
<b>“Control”</b>	of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person or power to appoint a majority of the members of the board of directors of such Person; the terms “Controlling” and “Controlled” have meanings correlative to the foregoing

“ <b>Conversion Shares</b> ”	means Ordinary Shares issuable upon conversion of the Preferred Shares or the Angel Shares.
“ <b>Convertible Securities</b> ”	means any evidences of indebtedness, Shares or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.
“ <b>Directors</b> ”	means the directors for the time being of the Company, which, for the avoidance of doubt, shall not include any observer(s) of the Board , and a “ <b>Director</b> ” means any of the Directors.
“ <b>Dividend</b> ”	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
“ <b>Electronic Record</b> ”	has the same meaning as in the Electronic Transactions Law.
“ <b>Electronic Transactions Law</b> ”	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
“ <b>Encumbrance</b> ”	means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect.
“ <b>Equity Securities</b> ”	means Ordinary Shares and Ordinary Share Equivalents.
“ <b>Founder Parties</b> ”	has the same meaning as in the Investors’ Rights Agreement, and each a “ <b>Founder Party</b> ”.
“ <b>Founders</b> ”	has the same meaning as in the Investors’ Rights Agreement.
“ <b>Fully-Diluted Basis</b> ”	means (i) as applied to the Company, the number of Ordinary Shares which would be outstanding if (a) all securities convertible into or exchangeable for Ordinary Shares held by all Shareholders were converted or exchanged in full and (b) all securities exercisable for Ordinary Shares were exercised in full, including all Option Shares, and (ii) as applied to a particular Person, the number of Ordinary Shares which would be held by such Person if all securities convertible into, exchangeable for or exercisable for Ordinary Shares held by such Person were converted or exchanged or exercised in full.

<b>“Governmental Authority”</b>	means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision including without limitation MOFCOM, SAFE, SAIC and their respective local and provincial branches or departments.
<b>“Group”</b>	means the Group Companies collectively.
<b>“Group Company”</b>	means each of the Company and its Subsidiaries from time to time and collectively, the <b>“Group Companies”</b> .
<b>“Group Company Parties”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Haode Investment”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Holders”</b>	means the Investors, together with their respective permitted transferees and assignees, each a <b>“Holder”</b> .
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China.
<b>“Intellectual Property”</b>	means any and all (i) works, registered and unregistered copyrights, copyright registrations and applications, moral rights and attribution rights, (ii) know-how, trade secrets, customer lists, patents and patent applications, (iii) processes and procedures, software, firmware, programs and source disks, source codes, designs, composition services, research records, records of invention and test information, (iv) trade names, trade dress, trademarks, and service marks, and registrations and applications therefor, as well as all goodwill associated with and symbolized thereby, (v) internet uniform resource locators, domain names, data, databases and data collections and all rights therein, and (vi) rights of privacy and publicity and rights to personal information.
<b>“Investors”</b>	has the same meaning as in the Investors’ Rights Agreement.

<b>“Investors’ Rights Agreement”</b>	means the Third Amended and Restated Investors’ Rights Agreement by and among the Group Company Parties, the Founder Parties, the Angel-1 Investors, Haode Investment and the Investors dated April 17, 2019, as may be amended or supplemented from time to time.
<b>“IPO”</b>	means an initial public offering of the Company on a qualified stock exchange.
<b>“Liquidation Event”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Member”</b>	has the same meaning as in the Statute.
<b>“Memorandum”</b>	means the Memorandum of Association of the Company in their present form or, as may be amended or supplemented from time to time by a Special Resolution and subject to the consent required under these Articles and the Investors’ Rights Agreement.
<b>“New Securities”</b>	means any Equity Securities of the Company whether now or hereafter authorized; provided that the term “New Securities” does not include: <ul style="list-style-type: none"> <li>(i) Ordinary Shares, options or Convertible Securities issued as a dividend or distribution on the Preferred Shares;</li> <li>(ii) Option Shares and any other securities issued or issuable under the Company’s employee stock option or similar share incentive plan to be adopted by the Board, if any;</li> <li>(iii) any Equity Securities issued in connection with any share split, share dividend or other similar event in which all Shareholders are entitled to participate on a pro rata basis;</li> <li>(iv) any Conversion Shares; or</li> <li>(v) any Shares on or pursuant to an IPO.</li> </ul>
<b>“Option Shares”</b>	means the Ordinary Shares transferred or transferable, issued or issuable under the Company’s employee stock option or similar share incentive plan to be adopted by the Board in accordance with the Memorandum and Articles, if any.
<b>“Ordinary Resolution”</b>	means a resolution:

(a) passed by a Simple Majority of such Members as, being entitled to do so, vote in person or by proxy at a general meeting of the Company; or

(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members.

<b>“Ordinary Shares”</b>	means the ordinary shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.
<b>“Ordinary Share Equivalents”</b>	means securities exercisable or convertible into Ordinary Shares, including the Preferred Shares.
<b>“Ordinary Shareholders”</b>	means holders of Ordinary Shares.
<b>“Person”</b>	means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.
<b>“PRC”</b>	means the People’s Republic of China, but solely for the purposes of these Articles, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.
<b>“Preferred Majority Consent”</b>	means the approval or consent of a matter by the holders of more than fifty percent (50%) of the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares (voting together as a single class and on an as converted basis).
<b>“Preferred Shares”</b>	means, collectively, the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares.
<b>“Preferred Shareholders”</b>	means holders of Preferred Shares.
<b>“Register of Members”</b>	means the register of Members maintained in accordance with the Statute and includes (except where otherwise stated) any branch or duplicate register of Members.
<b>“Registered Office”</b>	means the registered office for the time being of the Company.

<b>“Relative”</b>	of a Person means a husband, wife, father, mother, son, daughter, brother, sister, grandparent, grandchild, or spouse of such Person.
<b>“Renminbi” or “RMB”</b>	means the lawful currency of the PRC.
<b>“Series A Closing Date”</b>	means June 29, 2018.
<b>“Series A Conversion Price”</b>	has the meaning set forth in Article 16.1.
<b>“Series A Issue Price “</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Series A Preferred Shareholders”</b>	means the holders of Series A Preferred Shares.
<b>“Series A Preferred Shares”</b>	means the series A preferred shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.
<b>“Series B Closing Date”</b>	means November 15, 2018.
<b>“Series B Conversion Price”</b>	has the meaning set forth in Article 16.1.
<b>“Series B Issue Price”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Series B Preferred Shareholders”</b>	means the holders of Series B Preferred Shares.
<b>“Series B Preferred Shares”</b>	means the series B preferred shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.
<b>“Series B-1 Closing Date”</b>	has the meaning set forth in the Investors’ Rights Agreement.
<b>“Series B-1 Conversion Price”</b>	has the meaning set forth in Article 16.1.
<b>“Series B-1 Issue Price”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Series B-1 Preferred Shareholders”</b>	means the holders of Series B-1 Preferred Shares.

<b>“Series B-1 Preferred Shares”</b>	means the series B-1 preferred shares of a par value of US\$0.001 each in the share capital of the Company with voting rights, an equal right to dividends and the other rights and privileges set forth in the Memorandum and Articles.
<b>“Share Equivalents”</b>	means any options or other securities or obligations which are by their terms convertible into or exchangeable or exercisable for Ordinary Shares in the capital of the Company.
<b>“Shareholders”</b>	means holders of Ordinary Shares, Angel Shares, Series A Preferred Shares, Series B Preferred Shares and Series B-1 Preferred Shares.
<b>“Shares”</b>	means, collectively, the Preferred Shares, the Angel Shares and the Ordinary Shares.
<b>“Significant Group Company”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Significant Group Companies”</b>	means, collectively, the Group Company Parties and each Significant Group Company.
<b>“Simple Majority”</b>	means more than 50% of the votes attached to the applicable Shares or of the votes of the Directors, as the case may be.
<b>“Special Resolution”</b>	means a special resolution passed in accordance with Section 60 of the Statute, being a resolution: <ul style="list-style-type: none"> <li>(a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given; or</li> <li>(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members.</li> </ul>
<b>“Statute”</b>	means the Companies Law of the Cayman Islands, as amended, and every statutory modification or re-enactment thereof for the time being in force;
<b>“Transaction Documents”</b>	has the same meaning as in the Investors’ Rights Agreement.
<b>“Treasury Share”</b>	means a Share held in the name of the Company as a treasury share in accordance with the Statute.

“US\$”

means the lawful currency of the United States of America.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (d) “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) “shall” shall be construed as imperative and “may” shall be construed as permissive;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) the term “and/or” is used herein to mean both “and” as well as “or.” The use of “and/or” in certain contexts in no respects qualifies or modifies the use of the terms “and” or “or” in others. The term “or” shall not be interpreted to be exclusive and the term “and” shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (i) headings are inserted for reference only and shall be ignored in construing the Articles;
- (j) any requirements as to delivery under the Articles include delivery in the form of an Electronic Record;
- (k) any requirements as to execution or signature under the Articles including the execution of the Articles themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Law;
- (l) sections 8 and 19(3) of the Electronic Transactions Law shall not apply;
- (m) the term “clear days” in relation to the period of a notice means that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect; and

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- (n) the term “holder” in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

2 **Issue of Shares**

2.1 Subject to the provisions in the Memorandum and Articles (including Exhibit A attached to the Articles) and the Investors’ Rights Agreement (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute, the Articles (including Exhibit A attached to the Articles) and the Investors’ Rights Agreement) vary such rights.

2.2 The Company shall not issue Shares to bearer.

2.3 Each Shareholder has a pre-emption right with respect to any future issue or sale by the Company of any New Securities on the terms set out in this Article 2.3 (the “**Pre-emption Right**”). Each Shareholder is entitled to elect to exercise the Pre-emption Right itself or to designate another Person controlled by such Shareholder to exercise the Pre-emption Right.

- (a) If the Company proposes to issue or sell any New Securities, the Company shall provide a written notice (the “**New Issuance Notice**”) to each Shareholder setting out (i) the number and type of the New Securities proposed to be issued or sold by the Company; and (ii) the price and other material terms of the proposed issue or sale.
- (b) Each Shareholder shall have the right (but not the obligation) to subscribe for or purchase, at the price and on the terms specified in the New Issuance Notice, up to such number of New Securities to be issued or sold determined by multiplying (i) the total number of the New Securities, by a fraction, the numerator of which is the number of Shares held by or issuable to such Shareholder (on a Fully-Diluted Basis), and (ii) the denominator of which is the aggregate number of Shares held by or issuable to all Shareholders (on a Fully-Diluted Basis).
- (c) Each Shareholder may exercise its Pre-emption Right by giving the Company written notice (the “**Pre-emption Acceptance Notice**”) within ten (10) Business Days from the date of receipt of the Pre-emption Notice (the “**Pre-emption Period**”) specifying the number of New Securities that it accepts to subscribe for or purchase. The failure by a Shareholder to give a Pre-emption Acceptance Notice within the Pre-emption Period shall be deemed to be a waiver of such Shareholder’s Pre-emption Right.
- (d) In the event that one or more Shareholder fail to fully exercise its Pre-emption Right, or decline or is deemed pursuant to Article 2.3 (c) to have waived its Pre-emption Right, the Company shall give written notice (the “**Oversubscription Notice**”) to each Shareholder electing to fully exercise its Pre-emption Right (a “**Pre-emption Electing Shareholder**”) within five (5) Business Days of the expiry of the Pre-emption Period specifying the number of the remaining New Securities (the “**Oversubscription Pre-emption Shares**”). Each Pre-emption

Electing Shareholder shall have the right (but not the obligation) to subscribe for or purchase all or part of the Oversubscription Pre-emption Shares by giving the Company written notice (the “**Oversubscription Acceptance Notice**”) within five (5) Business Days of the receipt of the Oversubscription Notice, provided that if the aggregate number of Oversubscription Pre-emption Shares that the Pre-emption Electing Shareholder have indicated a willingness to subscribe for or purchase in their Oversubscription Acceptance Notice exceeds the actual number of Oversubscription Pre-emption Shares, the Oversubscription Pre-emption Shares shall be allocated to the Pre-emption Electing Shareholder on a pro-rata basis, being a fraction, the numerator of which is the number of Shares held by or issuable to such Pre-emption Electing Shareholder (on a Fully-Diluted Basis), and the denominator of which is the aggregate number of Shares held by or issuable to all Pre-emption Electing Shareholders who have submitted an Oversubscription Acceptance Notice (on a Fully-Diluted Basis).

- (e) If, within the Pre-emption Period, any Shareholder fails to fully exercise or elects not to exercise the Pre-emption Right, subject to Article 2.3 and upon the approval of the Board, the Company shall be free to issue or sell the remaining number of unsubscribed New Securities on terms equal to or no more favourable than the terms set out in the New Issuance Notice, provided such issue or sale is completed within three (3) months of the date of the New Issuance Notice.

### **3 Register of Members**

- 3.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.
- 3.2 The Directors may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute. The Directors may also determine which register of Members shall constitute the principal register and which shall constitute the branch register or registers, and to vary such determination from time to time.

### **4 Closing Register of Members or Fixing Record Date**

- 4.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty days.
- 4.2 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.

4.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Directors resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **5 Certificates for Shares**

5.1 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

5.2 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

5.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

5.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.

## **6 Transfer of Shares**

6.1 The transfer of Shares of the Company is subject to the transfer restrictions set out at Article 2.1 of Exhibit A attached to these Articles and Section 4 of the Investors' Rights Agreement.

6.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

## **7 Redemption, Repurchase and Surrender of Shares**

- 7.1 Subject to the provisions of the Statute, and the Articles (including Exhibit A attached to the Articles), the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. For the avoidance of doubt, no shares or securities of the Company other than the Preferred Shares shall have the right for redemption set forth in these Articles.
- 7.2 Subject to the provisions of the Statute and the Articles (including Exhibit A attached to the Articles), the Company may purchase its own Shares (including any redeemable Shares) in such manner and on such other terms as the Directors may agree with the relevant Member.
- 7.3 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital. The Preferred Shareholder exercising the redemption right shall continue to enjoy all rights as a holder of such Preferred Shares and shall remain a registered holder of all of the Preferred Shares subject to redemption, pending and until after the redemption of all such Preferred Shares by the Company and full payment of the Redemption Price.
- 7.4 The Directors may accept the surrender for no consideration of any fully paid Share.

## **8 Treasury Shares**

- 8.1 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 8.2 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

## **9 Variation of Rights of Shares**

- 9.1 Subject in each of the following cases to the other provisions of the Articles (including Article 30.8, Article 30.9 and Exhibit A attached to the Articles) and the Investors' Rights Agreement, if at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued Shares of that class where such variation is considered by the Directors not to materially and adversely impact on a relative basis the specific rights of such class in comparison with the other classes (for the avoidance of doubt, the creation of an additional class of Shares shall not be deemed to materially and adversely impact on a relative basis the specific rights of any existing class of Shares in comparison with the other classes); otherwise, any such variation shall be made by way of an Ordinary Resolution of the issued Shares of that class or classes. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of Shares of the relevant class or classes. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.

9.2 Subject to the other provisions of the Articles (including Article 30.8, Article 30.9 and Exhibit A attached to the Articles), for the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of Shares if the Directors consider that such class of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

9.3 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

## **10 Commission on Sale of Shares**

The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

## **11 Non Recognition of Trusts**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

## **12 Lien on Shares**

12.1 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for any unpaid subscription price for the Shares and all other debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall not operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.

12.2 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

- 12.3 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Articles.
- 12.4 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

### **13 Call on Shares**

- 13.1 Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
- 13.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 13.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 13.4 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.
- 13.5 An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.
- 13.6 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.

- 13.7 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.
- 13.8 No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend or other distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

#### **14 Forfeiture of Shares**

- 14.1 If a call or instalment of a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 14.2 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.
- 14.3 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 14.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Directors may determine, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 14.5 A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

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- 14.6 The provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

#### **15 Transmission of Shares**

- 15.1 If a Member dies the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.
- 15.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share he shall sign an instrument of transfer of that Share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.
- 15.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles) the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

#### **16 CONVERSION**

The Preferred Shares and the Angel Shares shall have conversion rights as follows:

##### **16.1 Conversion Ratio**

Each Angel Share shall be convertible into one fully paid and non-assessable Ordinary Share.

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Each Preferred Share shall be convertible into such number of fully paid and non-assessable Ordinary Shares at the Preferred Share to Ordinary Share conversion ratio equal to:

Preferred Share Purchase Price/then-effective Applicable Conversion Price

The Series A Conversion Price for the Series A Preferred Shares shall initially be the Series A Issue Price, resulting in an initial conversion ratio for the Series A Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as provided in Article 16.4 and Section 15 of the Investors' Rights Agreement. The Series B Conversion Price for the Series B Preferred Shares shall initially be the Series B Issue Price, resulting in an initial conversion ratio for the Series B Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as provided in Article 16.4 and Section 15 of the Investors' Rights Agreement. The Series B-1 Conversion Price for the Series B-1 Preferred Shares shall initially be the applicable Series B-1 Issue Price, resulting in an initial conversion ratio for the Series B-1 Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as provided in Article 16.4 and Section 15 of the Investors' Rights Agreement.

16.2 Optional Conversion

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Share into Ordinary Shares based on the then-effective Applicable Conversion Price.

Each Angel Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Angel Share into one Ordinary Shares.

16.3 Automatic Conversion

- (a) Each Series A Preferred Share shall automatically be converted into Ordinary Shares based on the then-effective Series A Conversion Price for such Series A Preferred Share in effect at the time (a) immediately before the closing of an IPO, or (b) upon receipt by the Company of the written notice of conversion signed by the holders of a Simple Majority of the Series A Preferred Shares.
- (b) Each Series B Preferred Share shall automatically be converted into Ordinary Shares based on the then-effective Series B Conversion Price for such Series B Preferred Share in effect at the time (a) immediately before the closing of an IPO, or (b) upon receipt by the Company of the written notice of conversion signed by the holders of a Simple Majority of the Series B Preferred Shares.
- (c) Each Series B-1 Preferred Share shall automatically be converted into Ordinary Shares based on the then-effective Series B-1 Conversion Price for such Series B-1 Preferred Share in effect at the time (a) immediately before the closing of an IPO, or (b) upon receipt by the Company of the written notice of conversion signed by the holders of a Simple Majority of the Series B-1 Preferred Shares.

- (d) Each Angel Share shall automatically be converted into one Ordinary Share (a) immediately before the closing of an IPO, or (b) upon receipt by the Company of the written notice of conversion signed by the holders of a Simple Majority of the Angel Shares.

#### 16.4 Applicable Conversion Price Adjustments

The Applicable Conversion Price shall be subject to adjustment from time to time as follows:

(i) Proportional Adjustment

If at any time the number of outstanding Ordinary Shares proportionately changes as a result of share split, share division, share combination, share dividend, reorganization, mergers, consolidations, reclassifications, exchanges, substitutions, recapitalization or similar events, then Applicable Conversion Price shall be proportionately adjusted.

(ii) Dilutive Issuance

(a) Anti-dilution Adjustment.

In the event the Company shall at any time after the Closing issue New Securities for a consideration or deemed consideration per Ordinary Share less than the then current applicable Series A Conversion Price, applicable Series B Conversion Price or applicable Series B-1 Conversion Price, as applicable, then such Series A Conversion Price, Series B Conversion Price or Series B-1 Conversion Price then in effect, as applicable, shall be reduced to the price determined as set forth below:

$$CP2 = CP1 * (A+B)/(A+C)$$

WHERE:

CP2 = the Applicable Conversion Price effective upon the issuance of the New Securities

CP1 = the Applicable Conversion Price in effect immediately before the issuance of the New Securities

A = the total outstanding Ordinary Shares and Angel Shares immediately before the issuance of the New Securities (including the total outstanding Ordinary Shares, Angel Shares, and Preferred Shares on an as converted basis and all outstanding options or warrants and other Convertible Securities on an as-exercised basis)

B = the total consideration received for the issuance or sale of the New Securities divided by CP1, and

C = the number of New Securities issued or sold or deemed issued or sold.

(b) Adjustments for Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions.

If at any time, or from time to time, any capital reorganization or reclassification of the Ordinary Shares (other than as a result of a share dividend, subdivision or consolidation otherwise treated above) occurs or the Company is consolidated, merged or amalgamated with or into another Person, then in any such event, provision shall be made so that, upon conversion of any Preferred Share or Angel Share thereafter, the holder thereof shall receive the class and amount of shares and other securities and property which the holder of such shares would have received in connection with such event had the relevant Preferred Shares or Angel Shares been converted into Ordinary Shares immediately prior to such event.

(iii) Deemed Issuance of New Securities

In the event the Company at any time or from time to time after the date hereof shall issue any Convertible Securities or shall fix a record date for the determination of holders of any series or class of shares entitled to receive any such Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to Article 16.4(iv)(b)) issuable upon the exercise, conversion or exchange of such Convertible Securities, shall be deemed to be New Securities issued as of the time of such issuance or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which New Securities are deemed to be issued:

- (a) no further adjustment in the Applicable Conversion Price with respect to any Preferred Share shall be made upon the subsequent issuance of Ordinary Shares upon the exercise, conversion or exchange of such Convertible Securities;
- (b) if such Convertible Securities by its terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Company, or change in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the then effective Applicable Conversion Price with respect to any affected Preferred Share computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Convertible Securities;

- (c) no readjustment pursuant to Article 16.4(iv) shall have the effect of increasing the then effective Applicable Conversion Price with respect to any Preferred Share to an amount which exceeds the Applicable Conversion Price with respect to such Preferred Share that would have been in effect had no adjustments in relation to the issuance of the Convertible Securities as referenced in Article 16.4(iv)(b) been made;
- (d) upon the expiration or termination of any unexercised, unconverted or unexchanged Convertible Securities (or portion thereof), the then effective Applicable Conversion Price with respect to any affected Preferred Share computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as it would have been obtained had such Convertible Securities (or portion thereof) that is expired or terminated never been issued;
- (e) if such record date shall have been fixed and such Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Applicable Conversion Price with respect to any Preferred Share which became effective on such record date shall be cancelled as of the close of business on such record date, and thereafter the Applicable Conversion Price with respect to such Preferred Share shall be adjusted pursuant to this Article 16.4(iv) as of the actual date of their issuance.

(iv) Determination of Consideration

For purposes of this Article 16, the consideration received by the Company for the issuance of any New Securities shall be computed as follows:

- (a) Cash and Property. Such consideration shall:
  - (1) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company before any discounts, commissions or placement fees payable by the Company to any underwriter or placement agent in connection with the issuance of any New Securities;
  - (2) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issuance, as determined and approved in good faith by the Board (including the affirmative vote of the Directors appointed by the Investors); provided, however, that no value shall be attributed to any services performed by any employee, officer or director of any Group Company; and
  - (3) in the event New Securities are issued together with other Shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received which relates to such New Securities, computed as provided in subparagraphs (1) and (2) above, as reasonably determined in good faith by the Board (including the affirmative vote of the Directors appointed by the Investors).

(b) Convertible Securities. The consideration per Ordinary Share received by the Company for New Securities deemed to have been issued pursuant to Article 16.4(iv) relating to Convertible Securities, shall be determined by dividing (x) the total amount, if any, received or receivable by the Company as consideration for the issue of such Convertible Securities (determined in the manner described in paragraph (a) above), plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise, conversion or exchange of such Convertible Securities, by (y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise, conversion or exchange of such Convertible Securities.

(v) Certificate of Adjustment

In the case of any adjustment or readjustment of the Applicable Conversion Price with respect to any Preferred Share, the Company at its expense shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall deliver such certificate to each registered holder of such Preferred Shares. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

(vi) Notice of Record Date

In the event the Company shall propose to take any action of the type or types requiring an adjustment set forth in this Article 16.4, the Company shall give notice to the holders of the Preferred Shares, which notice shall specify the record date, if any, with respect to any such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Applicable Conversion Price with respect to the relevant Preferred Share, and the number, kind or class of Shares or other securities or property which shall be deliverable upon the occurrence of such action or deliverable upon the conversion of the relevant Preferred Shares. In the case of any action which would require the fixing of a record date, such notice shall be given at least ten (10) days prior to the date so fixed, and in the case of all other actions, such notice shall be given at least twenty (20) days prior to the taking of such proposed action.

(vii) Reservation of Shares Issuable Upon Conversion

The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, for the purpose of effecting the conversion of the Preferred Shares or Angel Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares or Angel Shares. If at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares or Angel Shares, the Company and its Members will take such corporate action as may be necessary to increase the Company's authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purpose including but not limited to the approval of a resolution to this effect.

16.5 Procedure of Conversion

(i) Mechanics of Conversion.

The Company may effect the conversion of Preferred Shares and the Angel Shares in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and the Angel Shares and applying the proceeds thereof towards payment for the new Ordinary Shares. Upon the conversion of the Preferred Shares (or the Angel Shares), the Company shall issue such number of the Ordinary Shares converted from such Preferred Shares (or the Angel Shares) to the Preferred Shareholders (or the Angel Shareholders) holding such Preferred Shares (or Angel Shares), and cancel the Preferred Shares (or the Angel Shares) so converted. The Company shall promptly update its register of members to reflect the issuance of such Ordinary Shares and the cancellation of such Preferred Shares (or Angel Shares). Such conversion shall be deemed to have been made on the date of such update of the register of members, and the person entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Ordinary Shares on such date. All Ordinary Shares issuable upon conversion of the Preferred Shares or the Angel Shares will upon issuance be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any pre-emptive rights. Upon any such conversion of any Preferred Shares or Angel Shares, such Preferred Shares or Angel Shares shall no longer be deemed to be outstanding and all rights of the Preferred Shareholders or Angel Shareholders holding such Preferred Shares or Angel Shares with respect to such Preferred Shares or Angel Shares so converted shall immediately terminate upon the issuance of the Ordinary Shares, except the right to receive the Ordinary Shares or other securities, cash or other assets as herein provided.

(ii) Fractional Share.

No fractional Ordinary Shares shall be issued upon conversion of any Preferred Shares or Angel Shares. In lieu of any fractional shares to which the Preferred Shareholder or Angel Shareholders would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the fair market value for the applicable Ordinary Share as determined and approved by the Board (including the affirmative vote of the Directors appointed by the Investors) on the date of conversion.

(iii) Adjustment Certificate.

Upon the occurrence of each adjustment of the Applicable Conversion Price pursuant to this Article 16.5, the Company shall, at its expense, promptly compute such adjustment or readjustment in accordance with the terms hereof and notify each Preferred Shareholder of such adjustment and the facts upon which such adjustment is based. The Company shall, upon the written request at any time of any Preferred Shareholder, furnish or cause to be furnished to such Preferred Shareholder an adjustment certificate setting forth (A) such adjustment (B) the Applicable Conversion Price for the Preferred Shares at the time in effect, and (C) the number of Ordinary Shares that each Preferred Share could then be converted into.

(iv) Unpaid Dividends.

Upon conversion, all accrued but unpaid share dividends on the applicable Preferred Shares or Angel Shares shall be paid in Shares and all accrued but unpaid cash dividends on the applicable Preferred Shares or Angel Shares shall be paid either in cash or by the issuance of a number of further Ordinary Shares equal to the value of such cash amount, at the option of the holders of the applicable Preferred Shares or Angel Shares.

16.6 No Impairment

The Shareholders shall procure that the Company shall not impair the conversion rights of the Preferred Shares and the Angel Shares, and shall at all times in good faith assist in the carrying out of all the provisions of this Article 16 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the Preferred Shareholders and the Angel Shareholder (including without limitation, reservation of sufficient authorized unissued Ordinary Shares for issuance upon the conversion of the Preferred Shares and the Angel Shares).

**17 Amendments of Memorandum and Articles of Association and Alteration of Capital**

17.1 Subject to the provisions of the Statute, the other provision of the Articles (including Exhibit A attached to the Articles) and the Investors' Rights Agreement, the Company may by Ordinary Resolution:

- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;
- (d) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- (e) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

17.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

17.3 Subject to the provisions of the Statute, the other provisions of the Articles (including Exhibit A attached to the Articles) and the Investors' Rights Agreement, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (d) reduce its share capital;
- (e) approve the liquidation, dissolution or winding up of the Company; and
- (f) approve, permit or cause the Company to effect any merger or consolidation with any Person.

## 18 Offices and Places of Business

Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Directors determine.

## 19 General Meetings

19.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

19.2 The Company may, but shall not (unless required by the Statute) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. Any annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.

19.3 The Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

19.4 A Members' requisition is a requisition of Members holding at the date of deposit of the requisition not less than nine per cent in par value of the issued Shares which as at that date carry the right to vote at general meetings of the Company.

19.5 The Members' requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

19.6 If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within twenty-one days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said twenty-one day period.

19.7 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

## 20 Notice of General Meetings

20.1 At least five clear days' notice shall be given of any general meeting. Every notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat; and



(b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, together holding not less than ninety five per cent in par value of the Shares giving that right.

20.2 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

## **21 Proceedings at General Meetings**

21.1 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business and throughout the meeting. Shareholder holding no less than 50% of the aggregate voting power of all of the Shares entitled to notice of and to attend and vote at such general meeting, present in Person or by proxy or if a company or other non-natural Person by its duly authorised representative shall be a quorum.

21.2 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

21.3 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

21.4 If within half an hour from the time appointed for the duly notified meeting a quorum is not present due to the absence of a quorum, the general meeting shall stand adjourned 2 Business Days later at the same time and place or to such other time or such other place as the Directors or the requisitionist Members as the case may be may determine and inform all the Shareholders. If at the adjourned meeting a quorum is still not present within half an hour from the time appointed for the meeting due to the absence of the required majority of holders of the Shares, the Members present shall be a quorum provided that business not included in the notice shall not be transacted in such meeting.

21.5 The chairman of the board of Directors shall preside as chairman at the general meeting.

21.6 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

21.7 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Member or Members collectively present in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) and holding at least ten per cent in par value of the Shares giving a right to attend and vote at the meeting demand a poll.

- 21.8 Unless a poll is duly demanded and the demand is not withdrawn a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 21.9 The demand for a poll may be withdrawn.
- 21.10 Except on a poll demanded on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
- 21.11 A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, time and place as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.
- 22 Votes of Members**
- 22.1 Subject to Exhibit A attached to these Articles, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or by proxy, shall have one vote and on a poll every Member present in any such manner shall have one vote for every Share of which he is the holder. The Ordinary Shareholders shall have the right to one (1) vote for each outstanding Ordinary Share held. The Angel Shareholders shall have the right to one (1) vote for each Ordinary Share into which each outstanding Angel Share held could then be converted. The Preferred Shareholders shall have the right to one (1) vote for each Ordinary Share into which each outstanding Preferred Share held could then be converted. Subject to provisions to the contrary elsewhere in these Articles, or as required by applicable laws, the Preferred Shareholders and the Angel Shareholders shall vote together with the Ordinary Shareholders as a single class, and not as a separate class or series, on all matters put before the Shareholders.
- 22.2 In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- 22.3 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

- 22.4 No person shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 22.5 No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time in accordance with this Article shall be referred to the chairman whose decision shall be final and conclusive.
- 22.6 On a poll or on a show of hands votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands and shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes.
- 22.7 On a poll, a Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he is appointed.
- 23 Proxies**
- 23.1 The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative. A proxy need not be a Member.
- 23.2 The Directors may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Directors in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the instrument appointing a proxy shall be deposited physically at the Registered Office not less than 48 hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.

- 23.3 The chairman may in any event at his discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the chairman, shall be invalid.
- 23.4 The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
- 23.5 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

## **24 Corporate Members**

Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

## **25 Shares that May Not be Voted**

Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

## **26 Directors**

There shall be a board of Directors consisting of six (6) members.

## **27 Powers of Directors**

- 27.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 27.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.

- 27.3 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 27.4 Subject to Articles 30.8, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **28 Appointment and Removal of Directors**

- 28.1 The board of Directors shall consist of six (6) members. The Directors shall be nominated, appointed and removed in accordance with Section 3.2(b) of the Investors' Rights Agreement.
- 28.2 Notwithstanding anything to the contrary in these Articles, the Company may by a resolution of the board of Directors or an Ordinary Resolution of its Shareholders appoint such number of independent directors as additional members of the board as required by the applicable exchange rules in connection with and shall effective upon the proposed IPO of the Company.
- 28.3 A Director shall be removed from the Board, with or without cause, upon, and only upon, the affirmative vote of such Shareholder who nominated such Director in accordance with the Investors' Rights Agreement and Article 28.1. Each Shareholder shall vote in favour of the removal of a Director upon the request of the Shareholder(s) that nominated or appointed such Director pursuant to the Investors' Rights Agreement and Article 28.1. Otherwise, no Shareholder shall vote for the removal of a Director.
- 28.4 In the event any Director resigns or is removed in accordance with the Investors' Rights Agreement and Article 28.3, the Shareholder(s) that appointed such Director will have the right to appoint such Director's successor or replacement, and such successor or replacement Director shall be nominated and elected on or as soon as practicable after the date of such resignation or removal.
- 28.5 The Parties agree to take all necessary actions to give effect to the change of Board aforementioned including but not limited to amend and revise the Memorandum and Articles

## **29 Vacation of Office of Director**

The office of a Director shall be vacated if:

- (a) the Director gives notice in writing to the Company that he resigns the office of Director; or

- (b) the Director 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; or
- (c) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (d) the Director is found to be or becomes of unsound mind; or
- (e) 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; or
- (f) removed by the Shareholder(s) who appointed such Director pursuant to the Investors' Rights Agreement and Article 28.1 by notice in writing to the Company.

### **30 Proceedings of Directors**

- 30.1 The quorum for the meeting of the Directors shall be at least four (4) Directors. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to the same place and time seven (7) days later and, if at such adjourned meeting, such quorum is still not present, those Directors present shall be deemed a quorum and may transact the business for which the adjourned meeting was originally convened. No business shall be transacted at any Board meeting or by the Directors unless a quorum is present.
- 30.2 Meetings of the Directors and of the boards of directors of each respective Subsidiary shall take place contemporaneously at least once every year or at such other frequency as agreed by the Board. A meeting may be called by any Director giving notice in writing to the other Directors and the observer(s) of the Board specifying the date, time and agenda for such meeting. Not less than three (3) days' notice shall be given to all Directors and the observer(s) of the Board; provided, however, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Article 30.1, and (ii) may be reduced with the written consent of all of the Directors.
- 30.3 Subject to the provisions of the Articles (in particular Article 30.9), the Directors may regulate their proceedings as they think fit. At any Board meeting, each Director may exercise one vote. Any Director may, by written notice to the Company Secretary, authorize another Director to attend and vote by proxy for such Director at any Board meeting. Any resolution of the Board shall be passed by the affirmative vote of a Simple Majority of the Directors present at a duly constituted meeting of the Board. The Board shall not at any meeting pass any resolution covering any matter that is not specified in the agenda for such meeting unless all Directors are present at such meeting and vote in favor of such resolution.

- 30.4 A person may participate in a meeting of the Directors or any committee of Directors by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is located at the start of the meeting.
- 30.5 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Directors or, in the case of a resolution in writing relating to the removal of any Director or the vacation of office by any Director, all of the Directors other than the Director who is the subject of such resolution (an alternate Director being entitled to sign such a resolution on behalf of his appointor and if such alternate Director is also a Director, being entitled to sign such resolution both on behalf of his appointer and in his capacity as a Director) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.
- 30.6 All acts done by any meeting of the Directors or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 30.7 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.
- 30.8 Subject to these Memorandum and Articles, the Statute and applicable law, a Simple Majority approval of the Directors shall be required for any action that approves or related to any of the following transactions or matters regarding the Company and/or any other Group Companies (as the case may be):
- (a) the liquidation, dissolution or winding up or merger of the Company with or into any other Person or the occurrence of a Liquidation Event;
  - (b) any increase or decrease of the share capital or registered capital of the Company or the issue of options or other securities convertible or exchangeable for the share capital or registered capital of the Company, other than the redemption or repurchase of the Preferred Shares in accordance with Article 3 of Exhibit A;
  - (c) approve, permit or cause the Company to effect any merger with any Person, or be acquired by any Person;

- (d) any provision of any guarantee or lien over the assets of the Company, other than the guarantee provided for the purpose of the daily operation of the Company;
- (e) appointment, removal and replacement of the CEO and CFO of any Group Company;
- (f) any appointment or change in the auditors of the Company; and
- (g) sale, transfer or otherwise dispose of all or substantially all of the assets of the Company (for the avoidance of doubt, including the equity interest and assets of the Significant Group Companies, taken as a whole, when deciding whether the assets sold or disposed of constitute all or substantially all of the assets of the Company).

30.9 Subject to these Memorandum and Articles and applicable law, the prior approval of Shareholders representing more than 60% of the Preferred Shares (for the avoidance of doubt, various classes of Preferred Shares are voting together as a single class and on an as converted basis) shall be required for any action that approves or relates to any of the following transactions or matters regarding the Company and/or the Group Companies (as the case may be):

- (a) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of any Preferred Shares or any holders of the Preferred Shares, provided that, prior approval of the holders holding more than 60% of each class of Preferred Shares shall be obtained with respect to any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of such class of Preferred Shares;
- (b) to declare, issue, make, or pay any dividend or other distribution on any Equity Securities of the Company; approve, amend or alter any policy concerning any dividend or other distribution on any Equity Securities of the Company;
- (c) change of the principal business of the Group;
- (d) any redemption or repurchase of the Shares, Option Shares or other Equity Securities by the Company, other than the redemption or repurchase of the Preferred Shares in accordance with their terms and Article 3 of Exhibit A;
- (e) licensing or otherwise transfer of the core trademarks of the Group to a third party; and
- (f) any entry into, amendment to or termination of any Control Documents (as defined in the Investors' Rights Agreement).

30.10 The consent of any Director for the purpose of Articles 30.8 shall mean:

- (a) written consent, or

- (b) deemed consent if both (i) and (ii) below are satisfied: (i) such Director fails to notify the Company that it consents or does not consent within five (5) Business Days (the “**Director Initial Request Period**”) after receiving a written request of the Company (the “**Director First Notification**”) attaching all material information relating to the relevant matters necessary for such Director to make decision (the “**Director Request**”), and (ii) in the event that such Director has failed to respond to the Director Request within the Director Initial Request Period, such Director fails to notify the Company that it consents or does not consent within fifteen (15) Business Days after the Company has resent the Director Request (the “**Director Secondary Request Period**”) to such Director (the “**Director Second Notification**”). The Company shall send the Director Request to the Directors by electronic mail (followed by a telephone call to the Directors) in relation to Director First Notification and by courier in relation to Director Second Notification (followed by a telephone call to the Directors) at the address notified by the Directors to the Company in writing.

### **31 Presumption of Assent**

A Director or alternate Director who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director or alternate Director who voted in favour of such action.

### **32 Directors’ Interests**

- 32.1 A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 32.2 A Director or alternate Director may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 32.3 A Director or alternate Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 32.4 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

32.5 A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

### **33 Minutes**

The Directors shall cause minutes to be made in books kept for the purpose of recording all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

### **34 Delegation of Directors' Powers**

34.1 The Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of such Directors including the Directors appointed by the Investors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.2 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees, local boards or agencies. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.3 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

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34.4 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

34.5 The Directors may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Directors or Members. An officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

### **35 Alternate Directors**

35.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.

35.2 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, to sign any written resolution of the Directors, and generally to perform all the functions of his appointor as a Director in his absence.

35.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

35.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

35.5 Subject to the provisions of the Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### **36 No Minimum Shareholding**

The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

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### **37 Remuneration of Directors**

- 37.1 The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.
- 37.2 The Directors may by resolution approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond his ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

### **38 Seal**

- 38.1 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Directors for the purpose.
- 38.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 38.3 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **39 Dividends, Distributions and Reserve**

- 39.1 Subject to the Statute, Exhibit A attached to these Articles and this Article and except as otherwise provided by the rights attached to any Shares, the Directors may resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. All shares of each class shall have equal rights as regard to dividends. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Directors resolve to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by the Statute.

- 39.2 Subject to Exhibit A attached to these Articles, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 39.3 The Directors may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 39.4 Subject to Exhibit A attached to these Articles, the Directors may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.
- 39.5 Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.
- 39.6 The Directors may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 39.7 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 39.8 No Dividend or other distribution shall bear interest against the Company.
- 39.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

## **40 Capitalisation**

The Directors may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the share premium account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

## **41 Books of Account**

41.1 The Directors shall cause proper books of account (including, where applicable, material underlying documentation including contracts and invoices) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

41.2 The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.

41.3 The Directors may cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

## **42 Audit**

42.1 The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine.

42.2 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

42.3 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

### **43 Notices**

43.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent by airmail.

43.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

43.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

43.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

#### 44 **Winding Up**

- 44.1 If the Company shall be wound up, the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit, and the assets available for distribution amongst the Members shall be distributed in accordance with Article 4 of Exhibit A attached to these Articles.
- 44.2 If the Company shall be wound up, the liquidator may, in accordance with Article 4 of Exhibit A attached to these Articles and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

#### 45 **Indemnity and Insurance**

- 45.1 Every Director and officer of the Company (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former officer of the Company (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 45.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

45.3 The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

**46 Financial Year**

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

**47 Transfer by Way of Continuation**

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

**48 Mergers and Consolidations**

Subject to Exhibit A attached to these Articles, Article 30.8 and other provision in these Articles, the Company shall, with the approval of a Special Resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Statute), upon such terms as the Directors may determine.

THE COMPANIES LAW (2018 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

MEMORANDUM AND ARTICLES

OF

ASSOCIATION

OF

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LUCKIN COFFEE INC.

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*(Adopted pursuant to a special resolution passed on April 16, 2019, and effective immediately prior to the completion of the Company's initial public offering of ADSs representing its Class A Ordinary Shares)  
(with effect from \_\_\_\_\_, 2019)*

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THE COMPANIES LAW (2018 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

LUCKIN COFFEE INC.

*(Adopted pursuant to a special resolution passed on April 16, 2019, and effective immediately prior to the completion of the Company's initial public offering of ADSs representing its Class A Ordinary Shares)  
(with effect from \_\_\_\_\_, 2019)*

1. The name of the Company is Luckin Coffee Inc..
2. The registered office of the Company shall be at the offices of Harneys Services (Cayman) Limited at P.O. Box 10240, 4th Floor, Harbour Place, 103 South Church Street, Grand Cayman, KY1-1002, Cayman Islands, or at such other place as the Directors may determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2018 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.
5. The authorized share capital of the Company is US\$50,000 divided into 25,000,000,000 ordinary shares of par value of US\$0.000002 each, comprising (a) 20,000,000,000 Class A Ordinary Shares of par value of US\$0.000002 each and (b) 5,000,000,000 Class B Ordinary Shares of par value of US\$0.000002 each. Subject to the Statute and these Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorized share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7. Capitalized terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2018 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

LUCKIN COFFEE INC.

*(Adopted pursuant to a special resolution passed on April 16, 2019, and effective immediately prior to the completion of the Company's initial public offering of ADSs representing its Class A Ordinary Shares)  
(with effect from \_\_\_\_\_, 2019)*

**INTERPRETATION**

1. In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

<b>“ADS”</b>	means an American Depositary Share representing the Company's Class A Ordinary Shares;
<b>“Affiliate”</b>	means, with respect to any specified Person, any other Person who directly or indirectly Controls, is Controlled by, or is under common Control with such specified Person, provided. With respect to any Person who is a natural Person, such Person's Affiliates shall also include his or her Immediate Family Members and their respective Affiliates;
<b>“Articles”</b>	means these articles of association of the Company, as amended and altered from time to time by Special Resolutions;
<b>“Audit Committee”</b>	means the audit committee of the Company formed by the Board pursuant to Article 138 hereof, or any successor audit committee.
<b>“Auditor”</b>	means the person for the time being performing the duties of auditor of the Company (if any);

<b>“Board” and “Board of Directors”</b>	means the board of directors of the Company;
<b>“Business Day”</b>	means any day other than a Saturday, Sunday or other day on which commercial banking institutions in Hong Kong, New York, Singapore, the Cayman Islands or the PRC are authorized or required by Law or executive order to close;
<b>“Chairman”</b>	means the chairman of the Board of Directors;
<b>“Class” or “Classes”</b>	means any class or classes of Shares as may from time to time be issued by the Company;
<b>“Class A Ordinary Share”</b>	a class A ordinary share of par value US\$0.000002 each in the share capital of the Company having the rights set out in these Articles;
<b>“Class B Ordinary Share”</b>	a class B ordinary share of par value US\$0.000002 each in the share capital of the Company having the rights set out in these Articles;
<b>“Commission”</b>	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
<b>“Company”</b>	means Luckin Coffee Inc., a Cayman Islands exempted company;
<b>“Company’s Website”</b>	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company in connection or which has otherwise been notified to Members;
<b>“Control”</b>	means, as used with respect to any Person, 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; the terms “Controlled by” and “under common Control with” shall have correlative meanings;
<b>“Designated Stock Exchange”</b>	means the stock exchange in the United States on which any Shares or ADSs are listed for trading;

**“Designated Stock Exchange Rules”**

means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;

**“Directors”**

means the directors for the time being of the Company;

**“Electronic Transactions Law”**

means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;

**“Government Authority”**

means any nation or government or any province or state or any other political subdivision thereof, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization or national or international stock exchange on which the securities of the applicable Party or its Affiliates are listed;

**“Immediate Family Members”**

means, with respect to any natural Person, (a) such Person’s spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and siblings-in-law (in each case whether adoptive or biological), (b) spouses of such Person’s children, grandchildren and siblings (in each case whether adoptive or biological), and (c) estates, trusts, partnerships and other Persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing;

**“Law”**

means any federal, state, territorial, foreign or local law, common law, statute, ordinance, rule, regulation, code, measure, notice, circular, opinion or order of any Government Authority, including any rules promulgated by a stock exchange or regulatory body;

<b>“Lien”</b>	means any encumbrance, right, interest or restriction, including any mortgage, judgment lien, materialman’s lien, mechanic’s lien, other lien (statutory or otherwise), charge, security interest, pledge, hypothecation, encroachment, easement, title defect, title retention agreement, voting trust agreement, right of pre-emption, right of first refusal, claim, option, limitation, forfeiture, penalty, equity, adverse interest or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;
<b>“Member”</b>	has the same meaning as in the Statute;
<b>“Memorandum”</b>	means the memorandum of association of the Company or as amended and altered from time to time by Special Resolutions;
<b>“Ordinary Resolution”</b>	means a resolution passed by a simple majority of the votes cast by the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by these Articles;
<b>“Ordinary Shares”</b>	means the Class A Ordinary Shares and the Class B Ordinary Shares, collectively;
<b>“Person”</b>	means any individual or any partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity;
<b>“PRC”</b>	means the People’s Republic of China, excluding, for purposes of these Articles, Hong Kong, Macau and Taiwan);
<b>“Register of Members”</b>	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members;
<b>“Registered Office”</b>	means the registered office for the time being of the Company;

<b>“Seal”</b>	means the common seal of the Company and includes every duplicate seal;
<b>“Securities Act”</b>	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
<b>“Secretary”</b>	means any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary;
<b>“Share” and “Shares”</b>	means a share in the capital of the Company, and includes an Ordinary Share. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt, in these Articles the expression “Share” shall include a fraction of a Share;
<b>“Share Premium Account”</b>	means the share premium account established in accordance with these Articles and the Statute;
<b>“Special Resolution”</b>	has the same meaning as in the Statute, and includes a unanimous written resolution;
<b>“Statute”</b>	means the Companies Law (2018 Revision) of the Cayman Islands, as amended;
<b>“US\$”</b>	means the lawful money of the United States of America; and
<b>“United States”</b>	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

2. In these Articles:
  - 2.1. words importing the singular number include the plural number and vice versa;
  - 2.2. words importing the masculine gender include the feminine gender;
  - 2.3. words importing persons include corporations;
  - 2.4. references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;

- 2.5. the word “including” or any variation thereof means (unless the context of its usage otherwise requires) “including, without limitation” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it;
- 2.6. when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to these Articles, the date that is the reference date in calculating such period shall be excluded;
- 2.7. “fully-diluted” or any variation thereof means all of the issued and outstanding Shares, treating the maximum number of Shares issuable under any issued and outstanding Convertible Securities and all Shares reserved for issuance under the ESOP as issued and outstanding;
- 2.8. references to “in the ordinary course of business” and comparable expressions mean the ordinary and usual course of business of the relevant party, consistent in all material respects (including nature and scope) with the prior practice of such party;
- 2.9. references to “writing,” “written” and comparable expressions include any mode of reproducing words in a legible and nontransitory form including emails and faxes, provided the sender complies with the provision of Article 164;
- 2.10. if any payment hereunder would have been, but for this Article, due and payable on a date that is not a Business Day, then such payment shall instead be due and payable on the first Business Day after such date;
- 2.11. headings are inserted for reference only and shall be ignored in construing these Articles; and
- 2.12. Sections 8 and 19(3) of the Electronic Transactions Law shall not apply.

#### **SHARE CAPITAL**

1. The authorized share capital of the Company at the date on which these Articles come into effect shall be US\$50,000 divided into 25,000,000,000 ordinary shares of par value of US\$0.000002 each, comprising (a) 20,000,000,000 Class A Ordinary Shares of par value of US\$0.000002 each and (b) 5,000,000,000 Class B Ordinary Shares of par value of US\$0.000002 each.
2. Subject to the Statute, the Memorandum and these Articles and, where applicable, Designated Stock Exchange Rules and/or the rules of any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

## SHARES

3. Subject to the Law, these Articles and, where applicable, the Designated Stock Exchange Rules (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may in their absolute discretion and without the approval of the Members, cause the Company to:
- (a) allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, to Such Persons, at such times and on such other terms as they think proper;
  - (b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and
  - (c) issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.
4. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorized, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by a Special Resolution. The Directors may issue from time to time, out of the authorized share capital of the Company, preferred shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors may by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:
- (a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;
  - (b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;
  - (c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

- (d). whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;
- (e). whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;
- (f). whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;
- (g). whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;
- (h). the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;
- (i). the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and
- (j). any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

5. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or of ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and these Articles.

6. The Company shall not issue Shares to bearer.
7. The Company may in connection with the issue of any shares exercise all powers of paying commissions and brokerage conferred or permitted by the Law. Such commissions and brokerage may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other.
8. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

#### **FRACTIONAL SHARES**

9. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Member such fractions shall be accumulated.

#### **REGISTER OF MEMBERS**

10. The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

#### **CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE**

11. For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty (40) calendar days. If the Register of Members shall be closed for the purpose of determining Members entitled to notice of, or to vote at, a meeting of Members, the Register of Members shall be closed for at least ten (10) calendar days immediately preceding the meeting and the record date for such determination shall be the date of closure of the Register of Members.
12. In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any dividend or in order to make a determination of Members for any other purpose.

13. If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

#### **SHARE CERTIFICATES**

14. A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorized by the Directors. The Directors may authorize certificates to be issued with the authorized signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and, subject to these Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
15. No certificate shall be issued representing shares of more than one class.
16. The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. In the event that Shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.
17. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
18. Share certificates shall be issued within the relevant time limit as prescribed by the Law or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.
19. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.
- (2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

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20. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

#### **REDEMPTION**

21. Subject to the provisions of the Statute and these Articles, the Company may:
- (a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by the Board;
  - (b) purchase its own Shares (including any redeemable Shares) in such manner and upon such terms as have been approved by the Board, or are otherwise authorized by these Articles; and
  - (c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
22. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.
23. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.
24. The Directors may accept the surrender for no consideration of any fully paid Share.

#### **TREASURY SHARES**

25. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

#### **NON RECOGNITION OF TRUSTS**

26. The Company shall not be bound by or compelled to recognize in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

**LIEN ON SHARES**

27. The Company shall have a first and paramount Lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's Lien thereon. The Company's Lien on a Share shall also extend to any amount payable in respect of that Share.

28. The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a Lien, if a sum in respect of which the Lien exists is presently payable, and is not paid within fourteen (14) calendar days after notice has been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.
29. To give effect to any such sale, the Directors may authorize any Person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.
30. The net proceeds of such sale after deduction of expenses, fees and commission incurred by the Company shall be applied in payment of such part of the amount in respect of which the Lien exists as is presently payable and any residue shall (subject to a like Lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

#### **CALLS ON SHARES**

31. Subject to these Articles and the terms of the allotment and issue of any Shares, the Directors may from time to time make calls upon the Members in respect of any monies due and payable but unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen (14) calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed as the Directors may determine. A call may be required to be paid by installments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
32. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.
33. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
34. If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest in whole or in part.

35. An amount payable in respect of a Share on allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and, if it is not paid, all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
36. The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
37. The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance. No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

#### **FORFEITURE OF SHARES**

38. If a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than fourteen (14) calendar days' notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with, the Shares in respect of which the call was made will be liable to be forfeited.
39. If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends or other monies declared payable in respect of the forfeited Share and not paid before the forfeiture.
40. A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person, the Directors may authorize some person to execute an instrument of transfer of the Share in favor of that person.
41. A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
42. A certificate in writing under the hand of one Director of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the fact as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

#### **TRANSFER OF SHARES**

44. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
45. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Member until the name of the transferee is entered in the Register of Members in respect of the relevant Shares.
46. The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists.
47. The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any Share unless:
- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one Class of Shares;
  - (c) the instrument of transfer is properly stamped, if required;
  - (d) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and

- (e) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.
48. The registration of transfers may, after compliance with any notice required by the Designated Stock Exchange Rules, be suspended and the Register of Members closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register of Members closed for more than thirty (30) calendar days in any calendar year.
49. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within two calendar months after the date on which the instrument of transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

#### **TRANSMISSION OF SHARES**

50. If a Member dies, the survivor or survivors where he was a joint holder, and his legal personal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share, which had been jointly held by him. Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some person nominated by him as the transferee. If he elects to become the holder, he shall give notice to the Company to that effect, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before the death or bankruptcy or liquidation or dissolution of that Member, as the case may be.
51. If the person so becoming entitled shall elect to be registered himself as holder, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
52. A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share. However, he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some other person nominated by him become the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before the death or bankruptcy or liquidation or dissolution of such Member or in any other case than by transfer, as the case may be). If the notice is not complied with within ninety (90) calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

## UNTRACEABLE MEMBERS

- 52A. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 52A, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.
- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares sent during the relevant period in the manner authorised by these Articles have remained uncashed;
  - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
  - (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article 55 shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

**AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL**

53. (1) Subject to the provisions of the Statute and the provisions of these Articles, the Company may from time to time by Ordinary Resolution:
- (a) increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
  - (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
  - (c) without prejudice to the powers of the Directors under Article 4, divide its Shares into several classes and without prejudice to any special rights previously conferred on the holders of existing Shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that, for the avoidance of doubt, where a Class of Shares has been authorized by the Company, no resolution of the Company in general meeting is required for the issuance of Shares of that Class and the Directors may issue Shares of that Class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further provided that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such Shares and where the equity capital includes shares with different voting rights, the designation of each Class of Shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
  - (d) subdivide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value (subject, nevertheless, to the Law), and may by such resolution determine that, as between the holders of the Shares resulting from such sub-division, one or more of the Shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; and
  - (e) cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.
- (2) No alteration may be made of the kind contemplated by Article 53(1), or otherwise, to the par value of the Class A Ordinary Shares or the Class B Ordinary Shares unless an identical alteration is made to the par value of the Class B Ordinary Shares or the Class A Ordinary Shares, as the case may be.
54. All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, Liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

55. Subject to the provisions of the Statute and the provisions of these Articles, the Company may from time to time by Special Resolution:
- (a) change its name;
  - (b) alter, amend or add to these Articles;
  - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
  - (d) reduce its share capital and any capital redemption reserve fund in any manner authorized by Law.

#### **SHARE RIGHTS**

56. Subject to the provisions of applicable Law, Designated Stock Exchange Rules, the Memorandum and these Articles and to any special rights conferred on the holders of any Shares or class of Shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
57. Subject to the provisions of applicable Law and these Articles, any preferred shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorized by the Memorandum, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by Ordinary Resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable Law.
58. The rights and restrictions attaching to the Ordinary Shares are as follows:

(a). Income.

Holders of Ordinary Shares shall be entitled to such dividends as the Directors may in their absolute discretion lawfully declare from time to time.

(b). Capital

Holders of Ordinary Shares shall be entitled to a return of capital on liquidation, dissolution or winding-up of the Company (other than on a conversion, redemption or purchase of shares, or an equity financing or series of financings that do not constitute the sale of all or substantially all of the shares of the Company).

(c). Attendance at General and Special Meetings and Voting

Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general and special meetings of the Company. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall, at all times, vote together as one class on all matters submitted to a vote by the Members. Each Class A Ordinary Share shall be entitled to one (1) vote on all matters subject to vote at general and special meetings of the Company and each Class B Ordinary Share shall be entitled to ten (10) votes on all matters subject to vote at general and special meetings of the Company.

(d). Conversion

- (i) Each Class B Ordinary Share is convertible into one (1) fully paid Class A Ordinary Share at any time by the holder thereof and without the payment of any additional sum. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares. A conversion notice shall not be effective if it is not accompanied by the share certificate(s) in respect of the relevant Class B Ordinary Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require).
- (ii) Upon any sale, transfer, assignment or disposition of Class B Ordinary Shares by a holder thereof to any person or entity which is not an Affiliate of such holder, or upon a change of beneficial ownership of any Class B Ordinary Shares as a result of which any Person who is not an Affiliate of the registered holders of such Ordinary Shares becomes a beneficial owner of such Ordinary Shares, such Class B Ordinary Share, shall be automatically and immediately converted into an equal number of Class A Ordinary Shares. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in the Register of Members; (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure any contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party who is not an Affiliate of the relevant Shareholder becoming a beneficial owner of the relevant Class B Ordinary Shares in which case all the related Class B Ordinary Shares shall be automatically and immediately converted into the same number of Class A Ordinary Shares, and (iii) the termination of directorship on the Board of Directors or employment as an executive officer with the Company of any holder of any Class B Ordinary Shares shall not trigger the automatic conversion contemplated under this Article 58(d).

- (iii) For purposes of this Article 58, “beneficial ownership” shall have the meaning defined in Rule 13d-3 under the U.S. Securities Exchange Act of 1934, as amended.
- (iv) Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to this Article shall be effected by means of the re-designation and re-classification of the relevant Class B Ordinary Share as a Class A Ordinary Share together with such rights and restrictions and which shall rank pari passu in all respects with the Class A Ordinary Shares then in issue. Such conversion shall become effective forthwith upon entries being made in the Register of Members to record the re-designation and re-classification of the relevant Class B Ordinary Shares as Class A Ordinary Shares.
- (v) Upon conversion, the Company shall allot and issue the relevant Class A Ordinary Shares to the converting Member, enter or procure the entry of the name of the relevant holder of Class B Ordinary Shares as the holder of the relevant number of Class A Ordinary Shares resulting from the conversion of the Class B Ordinary Shares in, and make any other necessary and consequential changes to, the Register of Members and shall procure that certificates in respect of the relevant Class A Ordinary Shares, together with a new certificate for any unconverted Class B Ordinary Shares comprised in the certificate(s) surrendered by the holder of the Class B Ordinary Shares are issued to the holders of the Class A Ordinary Shares and Class B Ordinary Shares.
- (vi) Any and all taxes and stamp, issue and registration duties (if any) arising on conversion shall be borne by the holder of Class B Ordinary Shares requesting conversion.
- (vii) Save and except for voting rights and conversion rights as set out in this Article 58(c) and (d), Class A Ordinary Shares and Class B Ordinary Shares shall rank pari passu and shall have the same rights, preferences, privileges and restrictions.

#### **VARIATION OF RIGHTS OF SHARES**

59. Subject to the provisions of these Articles and without prejudice to Articles 56 and 57, if at any time the share capital of the Company is divided into different Classes, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied, modified or abrogated with the consent in writing of the holders of a majority of the issued Shares of that Class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that Class.

60. The provisions of these Articles relating to general meetings shall apply to every class meeting of the holders of one Class of Shares except that:
- (a) separate general meetings of the holders of a class or series of shares may be called only by (i) the Chairman of the Board, or (ii) a majority of the Board (unless otherwise specifically provided by the terms of issue of the shares of such class or series). Nothing in this Article 60 shall be deemed to give any Member or Members the right to call a class or series meeting; and
  - (b) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be one person (or in the case of a Member being a corporation, its duly authorized representative) holding or representing by proxy at least one third of the issued Shares of the Class.
61. Subject to the provisions of the Articles, the rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be varied by the creation or issue of further Shares ranking pari passu with or subsequent to the Shares of that Class or the redemption or purchase of any Shares of any Class by the Company, and the rights of the holders of Shares shall not be deemed to be varied by the creation or issue of Shares with preferred or other rights including, without limitation, the creation of Shares with enhanced or weighted voting rights.

#### **REGISTERED OFFICE**

62. Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

#### **GENERAL MEETINGS**

63. All general meetings other than annual general meetings shall be called extraordinary general meetings.
64. The Company may, but shall not (unless required by the Statute) be obliged to hold a general meeting in each calendar year as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint. At these meetings the report of the Directors (if any) shall be presented.
65. The Chairman or a majority of the Directors may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.
66. A Members' requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than ten percent (10%) of all votes attaching to all issued and outstanding Shares entitled to vote at general meetings of the Company.

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67. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
68. If there are no Directors as at the date of the deposit of a Members' requisition, or if the Directors do not within twenty-one (21) calendar days from the date of the deposit of such requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one (21) calendar days.
69. A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

#### **NOTICE OF GENERAL MEETINGS**

70. At least fifteen (15) calendar days' notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than seventy-five percent (75%) in voting rights of the Shares giving that right.
71. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by, any Person entitled to receive notice shall not invalidate the proceedings at any meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

72. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The holders of Shares which carry a majority of all votes attaching to Shares in issue and entitled to vote at such general meeting, present in person or by proxy or, if a corporate or other non-natural person, by its duly authorized representative, shall constitute a quorum; unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy or (in the case of a corporation or other non-natural person) by a duly authorized representative or proxy.

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73. A person may participate at a general meeting by telephone or other similar communications equipment by means of which all the persons participating in such meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
74. Any action required or permitted to be taken at any annual or extraordinary general meetings of the Company may be taken only upon the vote of the Members at an annual or extraordinary general meeting duly noticed and convened in accordance with these Articles and the Law and may not be taken by written resolution of Members without a meeting.
75. If a quorum is not present within half an hour from the time appointed for the meeting or if during such a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members constituting a majority of the outstanding share capital of the Company (calculated on an as-converted basis) shall be a quorum and may transact the business for which the meeting was called, provided, that, such present Members shall only discuss and/or approve the matters as described in the meeting notice delivered in accordance with these Articles.
76. The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.
77. If no Director is willing to act as chairman or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.
78. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.
79. A resolution put to the vote of the meeting shall be decided on the vote of the requisite majority pursuant to a poll of the Members. Unless otherwise required by the Statute or these Articles, such requisite majority shall be a simple majority of votes that are able to be cast.
80. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Members in accordance with these Articles, for any reason or for no reason, upon notice in writing to Members. A postponement may be for a stated period of any length or indefinitely as the Directors may determine. Notice of the business to be transacted at such postponed general meeting shall not be required. If a general meeting is postponed in accordance with this Article, the appointment of a proxy will be valid if it is received as required by the Articles not less than 48 hours before the time appointed for holding the postponed meeting.

## VOTES OF MEMBERS

81. Subject to any rights and restrictions for the time being attached to any Share, every Member present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorized representative or proxy) shall, at a general or special meeting of the Company, have one (1) vote for each Class A Ordinary Share and ten (10) votes for each Class B Ordinary Share, in each case of which he is the holder.
82. In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorized representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
83. Shares carrying the right to vote that are held by a Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may be voted by his committee, receiver, curator bonis, or other Person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
84. No Person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
85. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
86. Votes may be cast either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. All resolutions shall be determined by poll and not on a show of hands. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
87. A Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

## PROXIES

88. The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorized for that purpose. A proxy need not be a Member of the Company.
89. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than forty-eight (48) hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty-four (24) hours before the time appointed for the taking of the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than forty-eight (48) hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
90. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to confer authority to demand or join or concur in demanding a poll.
91. Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office two hours before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

## CORPORATIONS ACTING BY REPRESENTATIVES

92. Any corporation or other non-natural person which is a Member or a Director may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

### **SHARES THAT MAY NOT BE VOTED**

93. Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

### **DEPOSITARY AND CLEARING HOUSES**

94. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Members provided that, if more than one Person is so authorized, the authorization shall specify the number and Class of Shares in respect of which each such Person is so authorized. A Person so authorized pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorization.

### **DIRECTORS**

95. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, and there shall be no maximum number of Directors.
96. The Board of Directors shall have a Chairman elected and appointed by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors, save and except that if the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, or if the Chairman is unable or unwilling to act as the chairman of a meeting of the Board of Directors, the attending Directors may choose one of their number to be the chairman of the meeting.
97. The Company may by Ordinary Resolution appoint any person to be a Director.
98. The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a casual vacancy on the Board or as an addition to the existing Board.
99. A Director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated.
100. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.

101. A Director may be removed from office by Ordinary Resolution of the Company or the affirmative vote of no less than two-thirds of the other Directors present and voting at a Board meeting, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.
102. The remuneration of the Directors or past Directors, including by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled), may be determined by the Directors.
103. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.
104. Subject to applicable Law, Designated Stock Exchange Rules and the Articles, The Board may establish any committee of the Board as the Board shall deem appropriate from time to time, and committees of the Board shall have the rights, powers and privileges granted to such committees by the Board from time to time.

#### **POWERS AND DUTIES OF DIRECTORS**

105. Subject to the provisions of the Statute, the Memorandum and these Articles and to any directions given by Special Resolution, the business and affairs of the Company shall be conducted as directed by the Board of Directors of the Company. The Board shall have all such powers and authorities, and may do all such acts and things, to the maximum extent permitted by applicable Law, the Memorandum and these Articles. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
106. The Board may, from time to time, and except as required by applicable Law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

107. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
108. The Directors may appoint any natural person or corporation to be a Secretary (and if need be, two or more persons as joint Secretaries, an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.
109. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
110. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorized signatory (any such person being an "Attorney" or "Authorized Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorized Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorized Signatory to delegate all or any of the powers, authorities and discretion vested in him.
111. (1) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
- (2) All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
112. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.

113. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
114. Any such delegates as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

#### **BORROWING POWERS OF DIRECTORS**

115. The Directors may from time to time at their discretion exercise all the powers of the Company to borrow money, to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures, bonds and other securities, whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Members, appointment of Directors and otherwise.

#### **DISQUALIFICATION OF DIRECTORS**

116. The office of a Director shall be vacated if:
- (a) he gives notice in writing to the Company that he resigns the office of Director;
  - (b) he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (c) is prohibited by any applicable Law or Designated Stock Exchange Rules from being a Director;
  - (d) he is found to be or becomes of unsound mind; or
  - (e) is removed from office pursuant to any other provision of these Articles.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

117. The Board shall meet at such times and in such places as the Board shall designate from time to time. A meeting of the Board may be called by any Director on no less than three (3) calendar days' prior written notice of the time, place and agenda of the meeting. Nevertheless, a meeting of the Board may be called by shorter notice if it is so agreed by all Directors in writing. Subject to these Articles, questions arising at any meeting shall be decided by a majority of votes of the Directors present at a meeting at which there is a quorum, with each having one (1) vote and in the case of an equality of votes the resolution shall fail.

118. A Director may participate in any meeting of the Board or of any committee of the Board by means of video conference, teleconference or other similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute such Director's presence in person at the meeting.
119. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the presence of a majority of Directors then in office shall constitute a quorum. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
120. If a quorum is not present at any duly called meeting, such meeting may be adjourned to a time no earlier than forty-eight (48) hours after written notice of such adjournment has been given to the Directors. The Directors present at such adjourned meeting shall constitute a quorum, provided that the Directors present at such adjourned meeting may only discuss and/or approve the matters as described in the meeting notice delivered to the Directors in accordance with Article 117.
121. A resolution in writing (in one or more counterparts), signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee, as the case may be, duly convened and held. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.
122. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
123. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
124. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

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125. The Company shall pay all fees, charges and expenses (including travel and related expenses) incurred by each Director in connection with:  
(i) attending the meetings of the Board and all committees thereof (if any) and (ii) conducting any other Company business requested by the Company.

#### **PRESUMPTION OF ASSENT**

126. A Director who is present at a meeting of the Board at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

#### **DIRECTORS' INTERESTS**

127. A Director may:
- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
  - (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
  - (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

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Notwithstanding the foregoing, no “Independent Director” as defined in the rules of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, and with respect of whom the Board has determined constitutes an “Independent Director” for purposes of compliance with applicable Law or the Company’s listing requirements, shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director’s status as an “Independent Director” of the Company.

128. Subject to applicable Law and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 129 herein. Any such transaction that would reasonably be likely to affect a Director’s status as an “Independent Director”, or that would constitute a “related party transaction” as defined by Item 7.N of Form 20F promulgated by the Commission, shall require the approval of the Audit Committee.
129. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:
- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
  - (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;
- shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.
130. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable Law or the Designated Stock Exchange Rules, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

### MINUTES

131. The Directors shall cause minutes to be made for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any Class of Shares and of the Directors, and of committees of Directors including the names of the Directors or alternate Directors present at each meeting.
132. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

### ALTERNATE DIRECTORS

133. Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
134. An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence.
135. An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
136. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
137. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### AUDIT COMMITTEE

138. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the charter of the Audit Committee as adopted by the Board, the Designated Stock Exchange Rules and the rules and regulations of the Commission.

**NO MINIMUM SHAREHOLDING**

139. The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed, a Director is not required to hold Shares.

**SEAL**

140. The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.
141. The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
142. A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

**DIVIDENDS, DISTRIBUTIONS AND RESERVE**

143. Subject to the Statute and these Articles any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorize payment of the dividends or distributions out of the funds of the Company lawfully available therefor. No dividend or distribution shall be paid except out of the realized or unrealized profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
144. Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.
145. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
146. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

147. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of three or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.
148. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.
149. No dividend or distribution shall bear interest against the Company.
150. Any dividend which cannot be paid to a Member and/or which remains unclaimed after six (6) months from the date of declaration of such dividend may, in the discretion of the Directors, be invested or otherwise made use of by the Board for the benefit of the Company until claimed, or be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Member. Any dividend which remains unclaimed after a period of six (6) years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

#### CAPITALIZATION

151. Subject to applicable Law, the Directors may:
- (a) resolve to capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
    - (ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,and allot the Shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;
  - (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

- (d). authorise a Person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:
- (i) the allotment to the Members respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or
  - (ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,
- and any such agreement made under this authority being effective and binding on all those Members; and
- (e). generally do all acts and things required to give effect to the resolution.

152. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

- (a). employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;
- (b). any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or
- (c). any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

#### **BOOKS OF ACCOUNT**

153. The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

154. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Statute or authorized by the Directors or by the Company in general meeting.
155. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by the Law.

#### **AUDIT**

156. Subject to applicable Law and Designated Stock Exchange Rules, the Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors.
157. The remuneration of the Auditor shall be determined by the Audit Committee or, in the absence of such an Audit Committee, by the Board.
158. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.
159. Auditors of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditors.
160. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment and at any time during their term of office upon request of the Directors or any general meeting of the Members.
161. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this act and name such country or jurisdiction.

## SHARE PREMIUM ACCOUNT

162. The Directors shall in accordance with the **Statute** establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
163. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Statute, out of capital.

## NOTICES

164. Any notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
165. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
  - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;

- (c). recognized courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service;
  - (d). electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail; or
  - (e). placing it on the Company's Website, shall be deemed to have been served immediately upon the time when the same is placed on the Company's Website.
166. Any Members present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
167. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
168. Notice of every general meeting shall be given in any manner hereinbefore authorized to every person shown as a Member in the Register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

#### **INFORMATION**

169. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.
170. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

#### **WINDING UP**

171. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in species or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

172. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

#### INDEMNITY

173. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's Auditors) and the personal representatives of the same (each, an "**Indemnified Person**") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud as determined by a court of competent jurisdiction, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

174. No Indemnified Person shall be liable:

- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or Officer or agent of the Company; or
- (b) for any loss on account of defect of title to any property of the Company; or
- (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
- (d) for any loss incurred through any bank, broker or other similar Person; or

- (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement; or
- (f) oversight on such Indemnified Person's part; or
- (g) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud as determined by a court of competent jurisdiction.

#### **FISCAL YEAR**

175. The fiscal year of the Company shall be determined by the Board from time to time.

#### **DISCLOSURE**

176. The Directors, or any service providers (including the officers, the Secretary and the registered office agent of the Company) specifically authorized by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

#### **TRANSFER BY WAY OF CONTINUATION**

177. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

#### **MERGERS AND CONSOLIDATIONS**

178. The Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

18 April 2019

Matter No: 828638  
Doc Ref: 105054523  
+852 2842 9532

Wynne.Lau@conyersdill.com

**Luckin Coffee Inc.**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

Dear Sirs,

Re: **Luckin Coffee Inc.** (the “**Company**”)

We have acted as special legal counsel in the Cayman Islands to the Company in connection with a registration statement on form F-1 to be filed with the U.S. Securities and Exchange Commission (the “**Commission**”) on or about the date hereof (the “**Registration Statement**”, which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) of Class A ordinary shares, par value US\$0.000002 each of the Company (the “**Class A Ordinary Shares**”).

For the purposes of giving this opinion, we have examined a copy of the Registration Statement. We have also reviewed (1) the currently adopted fourth amended and restated memorandum and articles of association of the Company, (2) the written resolutions of all directors of the Company dated 16 April 2019, and written resolutions of all members of the Company dated 16 April 2019 (the “**Listing Resolutions**”), (3) the draft fifth amended and restated memorandum and articles of association of the Company conditionally adopted pursuant to the Listing Resolutions and proposed to become effective prior to the closing of the Company’s initial public offering of Class A Ordinary Shares represented by American Depositary Shares (the “**Listing M&As**”), (4) a Certificate of Good Standing issued by the Registrar of Companies in relation to the Company on 17 April 2019 (the “**Certificate Date**”), (5) a copy of the register of members of the Company received from the Company on 18 April 2019, and (6) such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

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We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft form, it will be or has been executed and/or filed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the accuracy and completeness of all factual representations made in the Registration Statement and other documents reviewed by us, (d) that the Listing Resolutions have been passed at one or more duly convened, constituted and quorate meetings or by unanimous written resolutions, will remain in full force and effect and will not be rescinded or amended, (e) that the Listing M&As will become effective prior to the closing of the Company's initial public offering of Class A Ordinary Shares represented by American Depositary Shares, (f) that there is no provision of the law of any jurisdiction, other than the Cayman Islands, which would have any implication in relation to the opinions expressed herein, (g) that upon issuance of any Class A Ordinary Shares to be sold by the Company, the Company will receive consideration for the full issue price thereof which shall be equal to at least the par value thereof, and (h) the validity and binding effect under the laws of the United States of America of the Registration Statement and that the Registration Statement will be duly filed with the Commission.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands.

On the basis of and subject to the foregoing, we are of the opinion that:

1. The Company is duly incorporated and existing under the law of the Cayman Islands and, based on the Certificate of Good Standing, is in good standing as at the Certificate Date. Pursuant to the Companies Law (the "**Law**"), a company is deemed to be in good standing if all fees and penalties under the Law have been paid and the Registrar of Companies has no knowledge that the Company is in default under the Law.
2. When issued and paid for as contemplated by the Registration Statement and registered in the register of members of the Company, the Class A Ordinary Shares will be validly issued, fully paid and non-assessable (which term when used herein means that no further sums are required to be paid by the holders thereof in connection with the issue of such shares).
3. The statements in the Prospectus under the caption "**Taxation — Cayman Islands Taxation**" insofar and to the extent that they constitute a summary or description of the laws and regulations of the Cayman Islands fairly and accurately present the information and summarise the matters referred to therein and nothing has been omitted from such statements that would make them misleading in any material respect.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our firm under the captions “Enforcement of Civil Liabilities” and “Legal Matters” in the prospectus forming a part of the Registration Statement. In giving this consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman

\_\_\_\_\_  
**Conyers Dill & Pearman**

18 April 2019

Matter No: 828638  
Doc Ref: 105054518  
+852 2842 9532

Wynne.Lau@conyersdill.com

**Luckin Coffee Inc.**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

Dear Sirs,

Re: **Luckin Coffee Inc.** (the “**Company**”)

We have acted as special legal counsel in the Cayman Islands to the Company in connection with a registration statement on form F-1 to be filed with the U.S. Securities and Exchange Commission (the “**Commission**”) on or about the date hereof (the “**Registration Statement**”, which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) of Class A ordinary shares of par value of US\$0.000002 each of the Company.

For the purposes of giving this opinion, we have examined and relied upon copies of the following documents:

- (i) the Registration Statement; and
- (ii) a draft of the prospectus (the “**Prospectus**”) contained in the Registration Statement which is in substantially final form.

We have also reviewed and relied upon (1) the currently adopted fourth amended and restated memorandum of association and articles of association of the Company, (2) the draft fifth amended and restated memorandum of association and articles of association of the Company conditionally adopted by the Company and proposed to become effective prior to the closing of the Company’s initial public offering of Class A ordinary shares of par value of US\$0.000002 each, represented by American Depositary Shares, and (3) such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

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We have assumed (a) the genuineness and authenticity of all signatures, stamps and seals and the conformity to the originals of all copies of documents (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (b) the accuracy and completeness of all factual representations made in the Prospectus and Registration Statement reviewed by us; (c) the validity and binding effect under the laws of the United States of America of the Registration Statement and the Prospectus and that the Registration Statement will be duly filed with or declared effective by the Commission; and (d) that the Prospectus, when published, will be in substantially the same form as that examined by us for purposes of this opinion.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands.

On the basis of and subject to the foregoing, we are of the opinion that the statements under the caption "**Taxation — Cayman Islands Taxation**" in the Prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement and further consent to the reference of our name in the Prospectus forming part of the Registration Statement. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman

**Conyers Dill & Pearman**

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**LUCKIN COFFEE INC.**

**2019 SHARE OPTION PLAN**

*(approved and adopted by a board resolution passed on January 18, 2019)*

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**Section 1. Definitions and Interpretation.** (a) In this Plan, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

“**Adoption Date**” being January 18, 2019, the date on which the Plan is approved and adopted by a resolution of the Board.

“**Auditors**” means the auditors for the time being of the Company.

“**Award**” means any Option granted under this Plan.

“**Board**” means the board of directors of the Company or a duly authorized committee thereof.

“**Board Designee**” means a member of the Board designated by the Board to make such determinations as are permitted hereunder, provided that no member of the Board shall make any such determination involving any Award held by such Board member.

“**Business Associate**” means any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group.

“**Business Day(s)**” means any day on which banks in New York, Hong Kong and PRC are open for business and the Stock Exchange is open for business of dealing in securities.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Company**” means Luckin Coffee Inc., a company incorporated in the Cayman Islands.

“**Director**” means any director (including executive director, non-executive director and independent non-executive director) of any member of the Group from time to time.

“**Employee**” means any employee or officer of any member of the Group.

“**Exercise Price**” means the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as described in Section 6.

“**Fair Market Value**” means, with respect to any property (including, without limitation, any Shares or other securities) the fair market value of such property determined by such methods or procedures as shall be established in good faith from time to time by the Board in accordance with applicable law.

“**Grantee**” means any Participant who accepts an Offer in accordance with the terms of this Plan, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee.

“**Grant Letter**” means any written letter, agreement, contract or other instrument or document evidencing any Award granted under this Plan.

“**Group**” means the Company and its Subsidiaries.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**IPO**” shall mean the initial public offering of the Shares (or securities representing the Shares) of the Company in the United States.

“**Offer**” means the offer of the grant of an Option made in accordance with Section 5.

“**Offer Date**” means the date on which an Offer is made to a Participant.

“**Option(s)**” means a right granted to subscribe for the Shares pursuant to this Plan.

“**Option Period**” means a period to be notified by the Board to each Grantee in which an Option granted must be exercised (*provided* that such period shall not be more than ten years commencing on the Offer Date). The Board may also impose restrictions on the exercise of an Option during the period an Option may be exercised.

“**Participant(s)**” means any Director, Employee or Business Associate who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

“**PRC**” means the People’s Republic of China, for the purposes of this Plan does not apply to Taiwan, Macau Special Administrative Region and Hong Kong.

“**Plan**” means this 2019 Share Option Plan in its present form or as amended from time to time in accordance with the provisions hereof.

“**Share Registrar**” means the share registrar of the Company from time to time.

“**Shares**” means ordinary shares, par value of US\$0.001 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time).

“**Stock Exchange**” means any internationally recognized stock exchange.

“**Subsidiar(ies)**” means any entity in which the Company has at any time, directly or indirectly, securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions.

“**US\$**” means United States dollars, the lawful currency of the United States.

(b) In this Plan, save where the context otherwise requires:

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Plan;
- (ii) references to paragraphs are references to paragraphs of this Plan;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and
- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises and branches.

**Section 2. Purpose of the Plan.** The purpose of the Plan is to enhance the ability of the Company to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of the Company.

**Section 3. Condition.** This Plan shall take effect subject to the passing of a resolution by the Board to approve and adopt this Plan, and to grant Options to subscribe for the Shares hereunder and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under this Plan.

If the condition is not satisfied within 30 days after adoption of the Plan by the Board, this Plan and any Options granted under this Plan shall forthwith lapse and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Plan.

**Section 4. Duration, Termination and Administration.** (a) Subject to Section 3, this Plan shall be valid and effective for the period of time commencing on the Adoption Date and expiring on the day immediately prior to the earlier of (i) the date which is ten years after the Adoption Date; or (ii) the Company by resolution of the shareholders, or the Board, may at any time terminate the operation of this Plan, after which period no further Options will be granted but the provisions of this Plan shall remain in force to the extent necessary to give effect to the exercise of any Options which are granted during the life of the Plan or otherwise as may be required in accordance with the provisions of this Plan.

(b) This Plan shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties. The Board shall have the right (i) to interpret and construe the provisions of the Plan; (ii) to determine the persons who will be awarded Options under the Plan, and the number of Options awarded thereto; (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Plan as it deems necessary; and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Plan.

(c) No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

**Section 5. Offer and Grant of Options.** (a) On and subject to the terms of this Plan, the Board shall be entitled at any time during the life of the Plan to make an Offer to any Participant, as the Board may in its absolute discretion select, to take up Options in respect of such number of Shares as the Board may determine at the Exercise Price. Subject to the terms and conditions of this Plan, Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the Group, the Grantee or any group of Participants as the Board may determine).

(b) Options shall entitle the Grantee to subscribe for the Shares on the terms set out in this Plan save that if, at the time the Grantee wishes to exercise an Option, such exercise of the Option, the issue of the Shares to the Grantee pursuant to the Plan, the registration of the Grantee as the holder of such Shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under this Plan, is not permitted by any applicable laws or regulations, the Options shall not entitle the Grantee to subscribe for the Shares.

(c) An Offer shall be made to a Participant in the manner and in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Options on the terms to be granted and to be bound by the provisions of this Plan.

(d) Any Offer may be accepted in respect of less than the number of Shares to which the offered Option relates.

**Section 6. Exercise Price.** Subject to Section 10, the Exercise Price shall be determined by the Board in its sole discretion and set forth in the Grant Letter; provided, however, that, the per share exercise price of options granted to Participants who are subject to taxation under the Code shall not be less than the Fair Market Value of a Share on the date of grant of such Options.

**Section 7. Exercise of Options.** (a) An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or enter into any agreement so to do, except for (A) the transmission of an Option on the death of the Grantee to his personal representatives(s) according to the terms of this Plan, or (B) the transfer of any Option to any trustee, acting in its capacity as such trustee, of any trust of which the Grantee is a beneficiary. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

(b) A Grantee (or where permitted under Section 7(d)(ii), his legal personal representative(s)) may exercise his Option in whole or in part by giving notice in the form required by the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed; and by a payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given. Within 10 Business Days or otherwise agreed after receipt of the notice and payment of the Exercise Price and any applicable withholding and, where appropriate, receipt of the Auditors' or financial advisors' certificate pursuant to Section 10(a), the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his personal representatives) credited as fully paid and issue to the Grantee (or his personal representatives) a share certificate in respect of the Shares so allotted.

(c) Except as provided otherwise and subject to the terms and conditions upon which such Option was granted, the vesting period for any Option granted to a Grantee under this Plan shall be determined by the Board, *provided that*:

(i) in the event a Grantee terminates his employment or service on account of other than (A) his incapacitation or death, or (B) on one or more of the grounds of termination of employment, appointment or directorship specified in Section 8(f), all Options that are unvested as of the date of such termination shall lapse, unless the Board Designee otherwise determines in writing that such unvested Options shall not lapse and will continue to remain valid, such termination notwithstanding; and

(ii) in the event a Grantee's employment or service terminates on account of incapacitation (as determined pursuant to corporate policy then is effective) or death, such Grantee or his personal representative(s) shall be entitled to immediate vesting for 100% of the Options that remain unvested as of the date of such incapacitation or death.

(d) Subject to (A) the condition specified in Section 3 being fully satisfied, and (B) the terms and conditions on which such Option was granted, Options vested may be exercised by the Grantee at any time after the Company's IPO and during the Option Period, *provided that*:

(i) in the event specified in Section 7(c)(i), the Grantee shall be entitled to exercise the Option up to the vested entitlement of such Grantee as at the date of such termination (to the extent he is entitled to exercise at the date of termination but not already exercised pursuant to the terms of this Plan and the terms of grant), failing which it will lapse;

(ii) in the event specified in Section 7(c)(ii), the Grantee or his personal representative(s) shall be entitled to exercise the Option up to the vested entitlement of such Grantee as at the date of such incapacitation or death (to the extent he is entitled to exercise at the date of incapacitation or death but not already exercised), pursuant to the terms of this Plan and the terms of grant;

(iii) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of plan of arrangement pursuant to Section 7(d)(iv) below) is made to all the holders of Shares (or all such holders other than the offeror and any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company;

(iv) if a general offer for Shares by way of plan of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company;

(v) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and

(vi) in the event of a compromise or arrangement, other than a plan of arrangement contemplated in Section 7(d)(iv) above, between the Company and its members and/or creditors being proposed in connection with a plan for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a plan or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

Upon the occurrence of any of the events referred to in Sections 7(d)(iii) to 7(d)(vi), the Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.

(e) The Shares to be allotted and issued upon the exercise of an Option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of exercise of the Option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option, *provided* always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the next available Business Day on which the register of members of the Company is re-opened.

(f) The Board may at any time, with the mutual consent of the Grantee, cancel Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Options and, in compliance with applicable law, offers Options to the same Grantee, the offer of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit as mentioned in Section 9(a) of this Plan.

**Section 8. Lapse of Option.** An Option shall lapse automatically (to the extent (A) not already vested in accordance with Section 7(c), and (B) vested but not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provisions of Section 4(a));
- (b) the expiry of the periods for exercising the Option as referred to in Section 7(d)(i), (iii) or (vi);
- (c) subject to the plan of arrangement becoming effective, the expiry of the period for exercising the Option referred to in Section 7(d)(iv);
- (d) subject to Section 7(d)(v), the date of commencement of the winding up of the Company;
- (e) the date on which the Grantee commits a breach of Section 7(a);
- (f) the date on which:
  - (i) subject to Section 7(c)(ii), the Grantee (being an Employee or Director of any member of the Group) ceases to be an employee, an officer or a director by reason of the termination of his employment, appointment or directorship, unless the Board Designee otherwise determines in writing that such unvested Options shall not lapse and will continue to remain valid, such termination notwithstanding;
  - (ii) the Grantee (being an Employee) serves as an employee, director or officer of any other companies that are not a member of the Group, and/or, whether alone or jointly with others, carried on or be concerned or interested, directly or indirectly, whether as shareholder, employee, director, investor, consultant, adviser, partner or agent in any types of business which are in competition with or in opposition to any business of any member of the Group as determined by the Board in its sole discretion;
  - (iii) the Grantee being a Business Associate is under any contract with the Group, such contract is terminated by reason of breach of contract on the part of the Business Associate or the Grantee ceases to be a Business Associate for any other reason;

(iv) the Grantee being a Business Associate, appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threaten to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty,

(v) unless the Board otherwise determines, and other than in the circumstances referred to in Section 7(d), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason; or

(vi) the Grantee being an employee, commits a material breach of the employment agreement; or

(g) the date on which the Option is cancelled by the Board as provided in Section 7(f); and

(h) the date on which this Plan terminates pursuant to Section 4(a).

**Section 9. Maximum Number of Shares Subject to Options.** (a) The total number of Shares which may be issued upon exercise of Options to be granted under this Plan shall not exceed in aggregate 158,031 Shares.

(b) The maximum number of Shares referred to in Sections 9(a) may be adjusted upon the occurrence of such events and in such manner as described in Section 10.

**Section 10. Reorganization of Capital Structure.** (a) In the event of any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, sub-division or consolidation of Shares or reduction of share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of Shares or other securities of the Group as consideration in a transaction to which the Company is a party, the Auditors or the financial advisors engaged by the Company for such purpose shall determine what equitable adjustment is required to be made to:

(i) the number and type of Shares or other securities then available for Awards under the Plan are subject to any unexercised Option; and/or

(ii) the Exercise Price; and/or

(iii) the method of exercise of the Options,

and the Auditors or such financial advisors shall certify in writing to the Board that such adjustments are in their/his opinion fair and reasonable. The capacity of the Auditors or financial advisors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or financial advisors shall be borne by the Company.

(b) For the avoidance of doubt, following the date on which the Shares first commence trading on a Stock Exchange the events set forth in Section 10(a) above shall include any extraordinary cash dividend or other distribution (whether in the form of cash, Shares or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, issuance of Shares pursuant to the anti-dilution provisions of securities of the Company, or other similar corporate transaction or event affecting the Shares, or of changes in applicable laws, regulations or accounting principles, in each case in respect of which an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(c) Any such adjustments shall give each Participant the same proportion of the equity capital of the Company for which such Participant was entitled to subscribe for prior to such adjustments and any adjustments to the advantage of the Participants to the Exercise Price or to the number of Shares subject to the Options must be approved by the shareholders of the Company in general meeting. No adjustment may be made to the extent that Shares would be issued at less than their nominal value.

(d) If there has been any alteration in the capital structure of the Company as referred to in Section 10(a), the Company shall, upon receipt of a notice from a Grantee in accordance with Section 7(b), inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the financial advisors engaged by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the financial advisors as soon as practicable thereafter to issue a certificate in that regard in accordance with Section 10(a).

**Section 11. *Share Capital.*** The exercise of any Option shall be subject to the shareholders of the Company in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

**Section 12. *Disputes.*** Any dispute arising in connection with this Plan (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price or otherwise) may be determined by the Board, the decision of which shall be final and binding on all parties who may be affected thereby.

**Section 13. Alteration of this Plan.** (a) The Board may amend any of the provisions of this Plan (including without limitation amendments in order to comply with changes in legal or regulatory requirements and in order to waive any restrictions, imposed by the provisions of this Plan) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

**Section 14. Miscellaneous.** (a) This Plan shall not form part of any contract of employment or engagement of services between the Group and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participants in this Plan or any right which he may have to participate in it and this Plan shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

(b) This Plan shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

(c) The Company shall bear the costs of establishing and administering this Plan.

(d) Any notice or other communication between the Company and a Grantee may be sent by prepaid post, by electronic means, or by personal delivery to, in the case of the Company, its principal place of business in the PRC or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in the PRC or such other address as notified to the Company from time to time.

(e) Any notice or other communication served by post:

(i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and

(ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

(f) Any notice or other communication served by electronic means by the Company or the Grantee shall be deemed to have been served if the sender did not receive a failure of receipt notification.

(g) All allotments and issues of the Shares will be subject to all necessary consents under any relevant legislation for the time being in force in the PRC, Hong Kong and the Cayman Islands, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Plan.

(h) This Plan and all Options granted hereunder shall be governed by and construed in accordance with the laws of the Cayman Islands.

(i) This Plan is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance thereunder (“**Section 409A**”) with respect to Awards made to or held by any Participant who is subject to taxation under the Code. The provisions of this Plan shall be interpreted in a manner that satisfies such requirements, and this Plan shall be operated accordingly. If any provision of this Plan would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict. If an operational failure occurs with respect to the requirements of Section 409A, any affected Participant shall fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the Internal Revenue Service. No provision of this Plan shall be interpreted to transfer any liability for a failure to comply with Section 409A from a Participant or any other Person to the Company. Notwithstanding any provision of this Plan or any Grant Letter, if at the time of termination of a Participant’s employment or service with the Company he or she is a “specified employee” (as defined in Section 409A) and any payments upon such termination under this Plan or such Grant Letter are treated as deferred compensation subject to Section 409A, he or she will not be entitled to such payments until the earlier of (i) the date that is six months after such termination or (ii) any earlier date that does not result in any additional tax or interest to such Participant under Section 409A.

## FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “**Agreement**”) is made and entered into this \_\_\_\_\_, 2018, between Luckin Coffee Inc., a Cayman Islands company (the “**Company**”), and \_\_\_\_\_ (the “**Indemnitee**”).

A. The Company and the Indemnitee recognize the continued difficulty in obtaining liability insurance for corporate directors, officers, employees, controlling persons, agents and fiduciaries, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance.

B. The Company and the Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, controlling persons, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited.

C. The Indemnitee does not regard the current protection available for the Company’s directors, officers, employees, controlling persons, agents and fiduciaries as adequate under the present circumstances, and the Indemnitee and other directors, officers, employees, controlling persons, agents and fiduciaries of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

D. The Company: (i) desires to attract and retain the involvement of highly qualified individuals, such as the Indemnitee, to serve the Company and, in part, to induce the Indemnitee to be involved with the Company and (ii) wishes to provide for the indemnification and advancing of expenses to the Indemnitee to the maximum extent permitted by law.

**NOW, THEREFORE**, in consideration of the Indemnitee’s service to the Company, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, even if such indemnification is not specifically authorized by the other provisions of this Agreement, the Company’s Memorandum and Articles of Association (as amended from time to time) or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule that expands the right of an exempted company of Cayman Islands to indemnify a member of its Board of Directors or an officer, employee, controlling person, agent or fiduciary, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule that narrows the right of an exempted company of Cayman Islands to indemnify a member of its Board of Directors or an officer, employee, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties’ rights and obligations hereunder except as set forth in Section 3 hereof.

2. Additional Indemnity. Subject only to the limitations set forth in Section 3 hereof, the Company hereby further agrees to hold harmless and indemnify the Indemnitee:

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(a) against any and all expenses (including attorneys' fees), witness fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with any threatened, pending or completed action, claim, suit, arbitration, alternative dispute resolution mechanism, investigation or any other proceeding, whether civil, criminal, administrative or investigative (including any appeal therefrom and including an action by or in the right of the Company) to which the Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that the Indemnitee is, was or at any time becomes a director, officer, employee or agent of the Company, or is or was serving or at any time serves at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (collectively, a "**Proceeding**"); and

(b) otherwise to the fullest extent as may be provided to the Indemnitee by the Company under the Company's Memorandum and Articles of Association (as amended from time to time) and the Companies Law of the Cayman Islands (as amended from time to time).

3. Limitations on Additional Indemnity.

(a) No indemnity pursuant to Section 2 hereof shall be paid by the Company for any of the following:

(i) except to the extent the aggregate of losses to be indemnified thereunder exceeds the sum of such losses for which the Indemnitee is indemnified pursuant to Section 1 hereof or pursuant to any Directors' and Officers' Insurance purchased and maintained by the Company;

(ii) in respect to remuneration paid to the Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

(iii) on account of any Proceeding in which judgment is rendered against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law;

(iv) on account of any Proceeding to the extent that the Indemnitee is a plaintiff, a counter-complainant or a cross-complainant therein (other than a Proceeding referred to in Section 8 hereof) unless such Proceeding was authorized in the specific case by action of the Board of Directors; or

(v) if a final decision by a Court having jurisdiction in the matter shall determine that such indemnification is not lawful (and, in this respect, both the Company and the Indemnitee have been advised that the United States Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication).

(b) In addition to those limitations set forth above in paragraph (a) of this Section 3, no indemnity pursuant to Section 2 hereof in an action by or in the right of the Company shall be paid by the Company for any of the following:

- (i) in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable to the Company in the performance of the Indemnitee's duty to the Company and its stockholders, unless and only to the extent that the court in which such Proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine;
- (ii) of amounts paid in settling or otherwise disposing of a pending action without court approval;
- (iii) of expenses incurred in defending a pending action that is settled or otherwise disposed of without court approval;
- (iv) on account of the Indemnitee's acts or omissions that involve intentional misconduct or a knowing and culpable violation of law;
- (v) on account of acts or omissions that the Indemnitee believes to be contrary to the best interests of the Company or its stockholders or that involve the absence of good faith on the part of the Indemnitee;
- (vi) with respect to any transaction from which the Indemnitee derived an improper personal benefit;
- (vii) on account of acts or omissions that show a reckless disregard for the Indemnitee's duty to the Company or its stockholders in circumstances in which the Indemnitee was aware, or should have been aware, in the ordinary course of performing such duties, of a risk of serious injury to the Company or its stockholders; or
- (viii) on account of acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the Indemnitee's duty to the Company or its stockholders.

4. Contribution. If the indemnification provided in Sections 1 and 2 hereof is unavailable by reason of a court decision described in Section 3(a)(v) hereof based on grounds other than any of those set forth in Sections 3(a)(ii) through (iv) hereof or in Sections 3(b)(i) through (vii) hereof, then in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by the Indemnitee in such proportion as is appropriate to reflect: (i) the relative benefits received by the Company on the one hand and the Indemnitee on the other hand from the transaction from which such action, suit or proceeding arose and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation or any other method of allocation that does not take account of the foregoing equitable considerations.

5. Continuation of Obligations. All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is a director, officer, employee or agent of the Company (or is or was serving at the request of the Company as a director, officer employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that the Indemnitee was an officer or director of the Company or serving in any other capacity referred to herein.

6. Notification and Defense of Claim. Not later than thirty (30) days after receipt by the Indemnitee of notice of the commencement of any action, suit or proceeding, the Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to the Indemnitee otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which the Indemnitee notifies the Company of the commencement thereof:

(a) the Company will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense thereof, the Company will not be liable to the Indemnitee under this Agreement for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ its counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee unless: (i) the employment of counsel by the Indemnitee has been authorized by the Company; (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such action; or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of the Indemnitee's separate counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have made the conclusion provided for in (ii) above; and

(c) the Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall be permitted to settle any action except that it shall not settle any action or claim in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold its consent to any proposed settlement.

7. Advancement and Repayment of Expenses. If the Indemnitee employs his own counsel pursuant to Section 6(b)(i) through (iii) above, the Company shall advance to the Indemnitee, prior to any final disposition of any threatened or pending action, suit or proceeding, whether civil, criminal, administrative or investigative, any and all reasonable expenses (including legal fees and expenses) incurred in investigating or defending any such action, suit or proceeding within ten business days after receiving copies of invoices presented to the Indemnitee for such expenses; and

(a) The Indemnitee agrees that the Indemnitee will reimburse the Company for all reasonable expenses paid by the Company in defending any Proceeding in the event and only to the extent it shall be ultimately determined by a final judicial decision (from which there is no right of appeal) that the Indemnitee is not entitled, under applicable law, the Company's Bylaws, this Agreement or otherwise, to be indemnified by the Company for such expenses.

(b) Notwithstanding the foregoing, the Company shall not be required to advance such expenses to the Indemnitee if the Indemnitee: (i) commences or is a party to any action, suit or proceeding as a plaintiff unless such advance is specifically approved by a majority of the Board of Directors or (ii) is a party to an action, suit or proceeding brought by the Company and approved by a majority of the Board of Directors that alleges willful misappropriation of corporate assets by the Indemnitee, disclosure of confidential information in violation of the Indemnitee's fiduciary or contractual obligations to the Company or any other willful and deliberate breach in bad faith of the Indemnitee's duty to the Company or its stockholders.

8. Enforcement. If the Indemnitee brings any action to enforce rights or to collect moneys due under this Agreement and is successful in such action, the Company shall reimburse the Indemnitee for all of the Indemnitee's reasonable fees and expenses in bringing and pursuing such action.

9. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

10. Non-Exclusivity of Rights. The rights conferred on the Indemnitee by this Agreement shall not be exclusive of any other right that the Indemnitee may have or hereafter acquire under any statute, provision of the Company's Certificate of Incorporation or Articles, agreement, vote of stockholders or directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding office.

11. Survival of Rights. The rights conferred on the Indemnitee by this Agreement shall continue after the Indemnitee has ceased to be a director, officer, employee or other agent of the Company and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

12. Notice. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given: (a) five (5) calendar days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid; (b) upon delivery, if delivered by hand; (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid; or (d) one (1) day after the business day of delivery by facsimile transmission, if deliverable by facsimile transmission, with copy by first class mail, postage prepaid, and shall be addressed if to the Indemnitee, at Indemnitee's address as set forth beneath the Indemnitee's signature to this Agreement and if to the Company at the address of its principal corporate offices (attention: Chief Executive Officer) or at such other address as such party may designate by ten (10) calendar days' advance written notice to the other party hereto.

13. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitations, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

14. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of Hong Kong, without regard to conflict of law provisions thereof.

15. Dispute Resolution. Any dispute, controversy or difference between the parties hereto arising out of, in connection with or relating to, this Agreement (a "**Dispute**") shall be resolved through arbitration pursuant to this Section 15. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the "**Claimant**") and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the "**Respondent**") shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 15 including the provisions concerning the appointment of arbitrators, the provisions of this Section 15 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive law of the Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney's fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party may apply to a court of competent jurisdiction for enforcement of such award. A party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

**16. Binding Effect.** This Agreement shall be binding upon the Indemnitee and upon the Company, its successors and assigns, and shall inure to the benefit of the Indemnitee, the Indemnitee's heirs, personal representatives and assigns and to the benefit of the Company, its successors and assigns.

**17. Amendment and Termination.** No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

**18. Integration and Entire Agreement.** This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

**19. No Construction as Employment Agreement.** Nothing contained in this Agreement shall be construed as giving the Indemnitee any right to be retained in the employ of the Company or any of its subsidiaries.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as a deed as of the day and year first above written.

**COMPANY:**

**SIGNED SEALED AND DELIVERED**

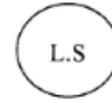
as a **DEED** in the name of

**Luckin Coffee Inc.**

by its duly authorized representative

in the presence of:

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)  
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\_\_\_\_\_  
Name:

Title

\_\_\_\_\_  
Witness

*Signature Page to Indemnification Agreement*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as a deed as of the day and year first above written.

INDEMNITEE:

SIGNED SEALED AND DELIVERED

as a DEED by

[ ]

in the presence of:

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Witness

*Signature Page to Indemnification Agreement*

## EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”), dated as of [MONTH DATE], [YEAR] (the “Effective Date”), is entered between Luckin Coffee Inc., a company incorporated in the Cayman Islands (the “**Company**”) and [NAME] (the “**Executive**”).

WHEREAS, the Company and the Executive wish to enter into an employment agreement whereby the Executive will be employed by the Company in accordance with the terms and conditions stated below;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE 1  
EMPLOYMENT, DUTIES AND RESPONSIBILITIES

Section 1.01. *Employment.* The Executive shall serve as the [TITLE] of the Company. The Executive hereby accepts such employment and agrees to devote substantially all of the Executive’s time and efforts to promoting the interests of the Company.

Section 1.02. *Duties and Responsibilities.* Subject to the supervision of and direction by the Board of Directors of the Company, the Executive shall perform such duties as are similar in nature to those duties and services customarily associated with the positions set forth above.

Section 1.03. *Base of Operation.* The Executive’s principal base of operation for the performance of his duties and responsibilities under this Agreement shall be the offices of the Company in Beijing, the People’s Republic of China (“**PRC**”), and at such other places as shall from time to time be reasonably necessary to fulfill the Executive’s obligations hereunder.

ARTICLE 2  
TERM

Section 2.01. *Term.* (a) The term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall continue for a period of three (3) years from the Effective Date. The Term and this Agreement will be renewed automatically thereafter for successive one-year terms unless a one-month notice of non-renewal is given by one party to the other.

(b) The Executive represents and warrants to the Company that neither the execution and delivery of this Agreement nor the performance of the Executive’s duties hereunder violates or will violate the provisions of any other agreement to which the Executive is a party or by which the Executive is bound.

ARTICLE 3  
COMPENSATION AND EXPENSES

Section 3.01. *Salary And Benefits.* The Executive’s salary and benefits shall be determined by the Company and shall be specified in a separate agreement between the Executive and the Company’s designated subsidiary or affiliated entity. Unless otherwise provided in such separate agreement, the Executive’s salary and benefits are subject to annual review and adjustment by the Company.

Section 3.02. *Expenses.* The Company will reimburse the Executive for reasonable documented business-related expenses incurred by the Executive in connection with the performance of the Executive’s duties hereunder during the Term, subject, however, to the Company’s policies relating to business-related expenses as in effect from time to time during the Term.

Section 3.03. *Stock Incentive Plan.* The Executive shall be entitled to participate during the Term in the 2019 Share Option Plan of the Company, and any successors thereto, subject to the terms and provisions of such plans and the execution of the award agreements between the Company and the Executive.

Section 3.04. *Payer of Compensation.* All compensation, salary, benefits and remuneration in this Agreement may be paid by the Company or any of its subsidiaries or affiliated entities, as decided by the Company in its sole discretion.

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ARTICLE 4  
EXCLUSIVITY, ETC.

Section 4.01. *Exclusivity.* The Executive agrees to perform his duties, responsibilities and obligations hereunder efficiently and to the best of his ability. The Executive agrees to devote substantially all of his working time, care and attention and best efforts to such duties, responsibilities and obligations throughout the Term. The Executive agrees that all of his activities as an employee of the Company shall be in conformity with all present and future policies, rules and regulations and directions of the Company not inconsistent with this Agreement.

Section 4.02. *Intellectual Property.* The Executive agrees that Intellectual Property under this Agreement is the sole and exclusive property of the Company and further agrees to assign to the Company the ownership of all right, title and interest in Intellectual Property, including any Intellectual Property conceived, created, and otherwise obtained by the Executive (i) during the term of this Agreement relating to the work he performs within the scope of such Executive's employment with the Company, (ii) within twelve (12) months after the Executive retires or ends employment with the Company under the circumstances that such Intellectual Property relates to such Executive's employment scope with the Company, and (iii) by using the resources of the Company during the term of this Agreement. During the Executive's employment with the Company and within twelve (12) months after his employment with the Company terminates, the Executive has the obligation to inform the Company of any Intellectual Property within ten days of its creation and the Executive has the obligation to assist the Company in its patent, copyright or trademark application related to the Intellectual Property.

"Intellectual Property" under this Section 4.02 means any and all intellectual property in any form or stage of development, including but not limited to any idea, concept, design, invention, method, process, system, model, software, know-how and any other subject matter, material or information that qualifies and/or is considered by the Company to qualify for patent, copyright, trademark, trade secret, or any other protection under the laws of PRC or Cayman Islands providing or creating intellectual property rights.

Section 4.03. *Non-Competition and Confidentiality.*

(a) *Non-compete.* During the Executive's employment with the Company and for twenty-four (24) months after his employment with the Company terminates for any reason, the Executive will not (i) directly or indirectly engage in (whether as an officer, principal, agent, director, employee, partner, affiliate, consultant or other participant), or hold an equity interest of 5% or more in, any business or activity that is in competition with the Company, its subsidiaries or affiliated entities (the "**Group**"), (ii) solicit, encourage or assist other employees of the Company to seek employment with any business or organization in competition with the Group, or (iii) engage in other activities that may cause conflicts with the interests of the Company during the term of the employment agreement.

(b) *Confidentiality.* Throughout the course of the Executive's employment with the Company and thereafter, the Executive shall keep in strict confidence all non-public information relating to the business, financial condition and other aspects of the Company, including but not limited to trade secrets, business methods, products, processes, procedures, development or experimental projects, plans, service providers, customers and users, intellectual property, information technology and any other information which is material to the Company's business operations, and except as authorized by the Company in writing, may not disclose or provide to any person, firm, corporation or entity such non-public information, and may not use such non-public information for any purpose other than to fulfill his responsibilities as the [**TITLE**] in the best interest of the Company. The Executive shall also comply with the Company's corporate policies and any other agreements on confidentiality that the Executive may enter into with the Company or any of its subsidiaries or affiliated entities. This provision and such other confidentiality policies and agreements are hereinafter collectively referred to as the "**Confidentiality Terms.**"

ARTICLE 5  
TERMINATION AND INDEMNIFICATION

Section 5.01. *Termination by Company.* The Company shall have the right to terminate the Executive's employment at any time with or without "Cause" by giving a one-month advance notice in writing pursuant to the terms hereof. For purposes of this Agreement, "Cause" shall mean: (i) the Executive's willful and continued failure to substantially perform his duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), (ii) dishonesty in the performance of the Executive's duties hereunder, (iii) an act or acts on the Executive's part constituting a felony under the laws of the PRC or of the United States or any state thereof, (iv) any other act or omission which is materially injurious to the financial condition or business reputation of the Company or any of its subsidiaries or affiliates, or (v) the Executive's breach of the non-compete and confidentiality clause hereof. For purposes of this Subsection, no act or failure to act, on the part of the Executive shall be deemed "**willful**" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the act or omission of the Executive was in the best interest of the Company.

Section 5.02. *Termination by The Executive.* The Executive shall have the right to terminate this Agreement at any time by giving a one-month advance notice in writing pursuant to the terms hereof.

Section 5.03. *Death.* In the event the Executive passes away during the Term, this Agreement shall automatically terminate, such termination to be effective on the date of the Executive's death.

Section 5.04. *Disability.* In the event that the Executive shall suffer a disability which shall have prevented him or her from performing satisfactorily his obligations hereunder for a period of at least 120 consecutive days, the Company shall have the right to terminate this Agreement, such termination to be effective upon the giving of notice thereof to the Executive in accordance with Section 6.02 hereof.

Section 5.05. *Effect of Termination.* (a) In the event of termination of the Executive's employment, whether before or after the Term, by either party for any reason, or by reason of the Executive's death or disability, the Company shall pay to the Executive (or his beneficiary in the event of his death) any base salary or other compensation earned but not paid to the Executive prior to the effective date of such termination. All other benefits due the Executive following his termination of employment shall be determined in accordance with the plans, policies and practices of the Company.

(b) In the event of termination of the Executive's employment by the Company other than for Cause, the Company shall pay to the Executive any additional amount as provided by applicable law.

ARTICLE 6  
MISCELLANEOUS

Section 6.01. *Benefit Assignment; Assignment; Beneficiary.* This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any corporation or person which may acquire all or substantially all of the Company's assets or business, or with or into which the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to him or her hereunder if the Executive had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

Section 6.02. *Notices.* Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by registered or certified mail, national overnight courier, or email. In the case of the Company, to the office or email account of the Human Resource Department; and in the case of the Executive, to the address or email account appearing on the employment records of the Company, from time to time. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given.

Section 6.03. *Entire Agreement; Amendment.* This Agreement contains the entire agreement of the parties hereto with respect to the terms and conditions of the Executive's employment during the Term and supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to compensation due for services rendered hereunder. This Agreement may not be changed or modified except by an instrument in writing signed by both of the parties hereto.

Section 6.04. *Waiver.* The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

Section 6.05. *Headings.* The article and section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 6.06. *Governing Law.* This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of Hong Kong, without reference to the principles of conflict of laws.

Section 6.07. *Agreement To Take Actions.* Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments, and shall take such other actions, as may be reasonably necessary or desirable in order to perform his, her or its obligations under this Agreement or to effectuate the purposes hereof.

Section 6.08. *Arbitration.* Any dispute between the parties hereto respecting the meaning and intent of this Agreement or any of its terms and provisions shall be submitted to arbitration in Hong Kong, in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in effect, and the arbitration determination resulting from any such submission shall be final and binding upon the parties hereto. The arbitrator shall have no authority to award reasonable attorney's fees to any party in any dispute subject to this Section 6.08. Judgment upon any arbitration award may be entered in any court of competent jurisdiction.

Section 6.09. *Survivorship.* The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

Section 6.10. *Severability.* The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect.

Section 6.11. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

Section 6.12. *Corporate Authorization.* The Company hereby represents that the execution, delivery and performance by the Company of this Agreement are within the corporate powers of the Company, and that the Chairman of its Board of Directors has the requisite authority to bind the Company hereby.

Section 6.13. *Withholding.* All payments to the Executive hereunder shall be subject to withholding to the extent required by applicable law.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

Luckin Coffee Inc.

By: /s/ Jenny Zhiya Qian  
Name: Jenny Zhiya Qian

Title: Chief Executive Officer

EXECUTIVE

\_\_\_\_\_  
Name:

Title:

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**SERIES A PREFERRED SHARE PURCHASE AGREEMENT**

THIS SERIES A PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of June 22, 2018 (the “**Effective Date**”), by and among:

1. Luckin Coffee Inc., an exempted company organized under the laws of the Cayman Islands with its company number of [ ] (the “**Company**”);
  2. Luckin Coffee Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**BVI Company**”);
  3. Luckin Coffee (China) Limited (██████████████████), a company incorporated under the laws of Hong Kong, with its company number of [ ] (the “**HK Company**”);
  4. Beijing Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Beijing WFOE**”);
  5. China Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Xiamen WFOE**”);
  6. Tianjin Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Tianjin WFOE**”);
  7. Pingtan Luckin Coffee E-Commerce Co., Ltd. (██████████████████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Pingtan WFOE**”);
  8. Beijing Luckin Coffee Technology Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**VIE Entity**”, and together with the Company, the BVI Company, the HK Company, the Beijing WFOE, the Xiamen WFOE, the Tianjin WFOE and the Pingtan WFOE, the “**Group Company Parties**”);
  9. Zhiya Qian (□□□), a citizen of the PRC with identification number of [ ] (the “**Founder A**”);
  10. Summer Fame Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder A Holdco**”);
  11. Min Chen (□□), a citizen of the PRC with identification number of [ ] (the “**Founder B**”, together with Founder A, collectively the “**Founders**” and each an “**Founder**”);
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12. May Bliss Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder B Holdco**”, together with Founder A, Founder A Holdco, Founder B, the “**Founder Parties**”, each a “**Founder Party**”);
13. Haode Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Haode Investment**”);
14. Primus Investments Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands, with its company number of [ ] (“**Angel Investor A**”);
15. Mayer Investments Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands, with its company number of [ ] (“**Angel Investor B**”);
16. STAR GROVE GLOBAL LIMITED, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Angel Investor C**”, together with Angel Investor A, Angel Investor B are referred to herein collectively as the “**Angel Investor Parties**” and each an “**Angel Investor Party**”);
17. Lucky Cup Holdings Limited, a company incorporated and existing under the laws of the Cayman Islands, with its company number of [ ] (“**Investor A**”);
18. Joy Capital II, L.P., a limited partnership incorporated and existing under the laws of Cayman Islands, with its company number of [ ] (“**Investor B**”);
19. Joy Luck Management Limited, a company incorporated and existing under the laws of Hong Kong, with its company number of [ ] (“**Investor C**”); and
20. Galaxy Shine Limited, a company incorporated and existing under the laws of Hong Kong, with its company number of [ ] (“**Investor D**”); and
21. Carob Investment Pte Ltd, a company incorporated and existing under the laws of Singapore with its company number of [ ] (“**Investor E**”, together with Investor A, Investor B, Investor C, Investor D and Haode Investment, the “**Investors**”).

The Group Company Parties, the Founder Parties, Haode Investment, the Angel Investor Parties and the Investors are referred to collectively herein as the “**Parties**”, and each individually as a “**Party**”.

#### **RECITALS**

- A. The Company was incorporated under the laws of the Cayman Islands on June 16th, 2017 with its registered address at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- B. The Company proposes to issue and sell certain number of Series A Preferred Shares to the Investors pursuant to the terms and subject to the conditions of this Agreement.

C. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

**WITNESSETH**

THE PARTIES HEREBY AGREE AS FOLLOWS:

**1. Definitions and Interpretation.**

**1.1** Definitions.

“**Affiliate**” means, with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person.

“**Angel Shares**” means the Angel-1 Shares and Angel-2 Shares, collectively.

“**Angel-1 Shares**” means the Company’s angel-1 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel-2 Shares**” means the Company’s angel-2 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Applicable Laws**” means, with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Board**” means the Board of Directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or a day that the banks in the PRC, Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Closing Date**” means the date of the Closing.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Control**” of a given Person means the power of authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person or power to appoint a majority of the members of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Control Documents**” means the documents, each in form and substance satisfactory to Investors, to be entered into between the VIE Entity, its shareholders and certain other Group Companies, which shall grant the Beijing WFOE with effective Control over 100% economic interest in the VIE Entity.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of the Preferred Shares, as applicable.

“**Director Indemnification Agreement**” means the Director Indemnification Agreement to be entered into by and between the Company and the Investor A Director (as defined in the Investors’ Rights Agreement and to be appointed by Investor A) in the form attached hereto as Exhibit D.

“**Equity Securities**” means any Ordinary Shares and Ordinary Share Equivalents.

“**FCPA**” means the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended.

“**FCPA Compliance Policy**” has the meaning as set forth in the Investors’ Rights Agreement.

“**Fundamental Representations**” means those representations and warranties of the Group Companies, Haode Investment and Founder Parties set forth in Sections 3.1 (Organization; Good Standing; Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Group Structure), 3.4 (Authorization), 3.5 (Valid Issuance of Series A Preferred Shares), 3.6 (Consents) and 3.7 (Offering).

“**Governmental Authority**” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision and their respective local and provincial branches or departments.

“**Group**” means the Group Companies collectively.

“**Group Company**” means the Company and its Subsidiaries from time to time (Part A of the Schedule I sets forth all of the Company’s Subsidiaries as of the date of this Agreement) and collectively, the “**Group Companies**”.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Indemnifiable Loss**” means, with respect to any Person, any action, claim, dispute, proceeding, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, Taxes, settlement or judgment of any kind or nature imposed on or otherwise incurred or suffered by such Person.

**“Intellectual Property”** means any and all (i) works, registered and unregistered copyrights, copyright registrations and applications, moral rights and attribution rights, (ii) know-how, trade secrets, customer lists, patents and patent applications, (iii) processes and procedures, software, firmware, programs and source disks, source codes, designs, composition services, research records, records of invention and test information, (iv) trade names, trade dress, trademarks, and service marks, and registrations and applications therefor, as well as all goodwill associated with and symbolized thereby, (v) internet uniform resource locators, domain names, data, databases and data collections and all rights therein, and (vi) rights of privacy and publicity and rights to personal information.

**“Investors’ Rights Agreement”** means the Investors’ Rights Agreement to be entered into by and among the Group Company Parties, Haode Investment, the Founder Parties, the Angel Investor Parties and the Investors in the form attached hereto as Exhibit C.

**“Investor Director”** means the member of the Board of Directors of the Company to be appointed by Investor A in accordance with the provisions of the Investors’ Rights Agreement.

**“IP Assets”** means all Intellectual Property owned or used by or purported to be owned or used by the Group Companies.

**“Key Employees”** means the employees listed in Schedule IV.

**“Lien”** means a mortgage, lien, security interest, pledge, encumbrance or any option (whether consensual, statutory or otherwise) or other contract to enter into any of the foregoing or any power of attorney in respect of any of the foregoing, or third party rights of any kind.

**“Material Adverse Effect”** means any change, event or effect that (i) is or would reasonably be expected to be materially adverse to the business, assets, financial condition or results of operations or prospects of any Group Company individually or the Group Companies taken together as a whole or (ii) is or would materially impair the validity or enforceability of this Agreement against any Group Company or (iii) is or would be reasonably expected to materially and adversely affect any Group Company’s ability to perform their obligations under this Agreement, any other Transaction Document or the transactions contemplated hereunder or thereunder.

**“Memorandum and Articles”** means the Amended and Restated Memorandum and Articles of the Company, in the form attached hereto as Exhibit A, as may be amended from time to time.

**“Ordinary Share Equivalents”** means securities exercisable or convertible into Ordinary Shares, including without limitation the Preferred Shares.

**“Ordinary Shares”** means the Company’s ordinary shares, with the rights and privileges as provided in the Memorandum and Articles.

**“Person”** means any individual, corporation, partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.

**“PFIC”** means a passive foreign investment company as defined in the Code.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and the islands of Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares.

“**RMB**” means the legal currency of the PRC.

“**SAFE**” means the State Administration of Foreign Exchange or its competent local counterpart.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares.

“**Subsidiary**” means, with respect to any Person (other than a natural person), any other Person directly or indirectly Controlled by such first-mentioned Person.

“**Transaction Documents**” means, collectively, this Agreement, the Investors’ Rights Agreement, the Memorandum and Articles and any other document or agreement contemplated herein or therein.

“**United States**” means the United States of America.

“**US\$**” means the legal currency of the United States of America.

**1.2 Terms Defined Elsewhere in this Agreement.** The following terms are defined in this Agreement as follows:

“ <b>Agreement</b> ”	Preamble
“ <b>Angel Investor A</b> ”	Preamble
“ <b>Angel Investor B</b> ”	Preamble
“ <b>Angel Investor C</b> ”	Preamble
“ <b>Angel Investor Parties</b> ”	Preamble
“ <b>Beijing WFOE</b> ”	Preamble
“ <b>Books and Records</b> ”	Section 3.8
“ <b>BVI Company</b> ”	Preamble
“ <b>Claimant</b> ”	Section 10.13
“ <b>Closing</b> ”	Section 2.4
“ <b>Closing Date</b> ”	Section 2.4
“ <b>Company</b> ”	Preamble
“ <b>Company Personnel</b> ”	Section 3.15(ii)
“ <b>Disclosing Party</b> ”	Section 8.3
“ <b>Disclosure Schedule</b> ”	Section 3
“ <b>Dispute</b> ”	Section 10.13
“ <b>Effective Date</b> ”	Preamble
“ <b>Expenses</b> ”	Section 10.12
“ <b>Financing Terms</b> ”	Section 8.1

<b>“Founder”</b>	Preamble
<b>“Founder Parties”</b>	Preamble
<b>“Financial Statements”</b>	Section 3.16
<b>“Group Company Parties”</b>	Preamble
<b>“Haode Investment”</b>	Preamble
<b>“HK Company”</b>	Preamble
<b>“HKIAC”</b>	Section 10.13
<b>“HKIAC Rules”</b>	Section 10.13
<b>“IFRS”</b>	Section 3.16
<b>“Indemnified Party”</b>	Section 9.1
<b>“Indemnifying Party”</b>	Section 9.1
<b>“Investor A”</b>	Preamble
<b>“Investor B”</b>	Preamble
<b>“Investor C”</b>	Preamble
<b>“Investor D”</b>	Preamble
<b>“Investor E”</b>	Preamble
<b>“Investors”</b>	Preamble
<b>“Party” or “Parties”</b>	Preamble
<b>“Permit”</b>	Section 3.1
<b>“Pingtan WFOE”</b>	Preamble
<b>“Prior Round Financing Amount”</b>	Section 3.5 of the Disclosure Schedule
<b>“Respondent”</b>	Section 10.13
<b>“Tianjin WFOE”</b>	Preamble
<b>“Social Insurance”</b>	Section 3.19
<b>“Statement Date”</b>	Section 3.16
<b>“Subscription Price”</b>	Section 2.1
<b>“Subscription Shares”</b>	Section 2.1
<b>“Tax”, “Taxes” and “Taxable”</b>	Section 3.9
<b>“Tax Authority”</b>	Section 3.9
<b>“Tax Returns”</b>	Section 3.9
<b>“VIE Entity”</b>	Preamble
<b>“Xiamen WFOE”</b>	Preamble
<b>“Xizang Trust”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Cooperation Memorandum”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Issue Price”</b>	Section 3.2 of the Disclosure Schedule

### 1.3 Interpretation

(i) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

- (ii) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (iii) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (iv) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (v) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (vi) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (vii) Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day.
- (viii) Writing. References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.
- (ix) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any language other than English, the English language text shall prevail.
- (x) Reference to Parties. A reference to a Party, unless the context otherwise requires, includes a reference to that Party’s legal personal representatives, successors and permitted assigns.
- (xi) Knowledge. A reference to “the knowledge of the Founder Parties and Group Companies” includes, without limitation, the knowledge, information and belief of each Founder Party, Haode Investment, each Angel Investor Party and each Group Company, the directors and senior management personnel of each Group Company, and is deemed to include the knowledge, information and belief which such persons would have if each of them had made all reasonable enquiries.

## 2. Subscription and Issuance of Shares

**2.1 Issuance of Subscription Shares.** Subject to the terms and conditions of this Agreement, each of the Investors hereby agrees to subscribe at the Closing and the Company hereby agrees to allot and issue to each of the Investors at the Closing, such number of Series A Preferred Shares as set forth opposite the name of such Investor (the “**Subscription Shares**”) at the per share price of US\$367.183. The price of purchase payable by an Investor (the “**Subscription Price**”) is as set forth opposite the name of such Investor in Schedule II. The Subscription Shares, when issued at the Closing, will comprise such percentage of the Company’s allotted and issued share capital on a fully-diluted and as converted basis as set forth opposite the name of each Investor. Schedule V sets forth the capitalization table of the Company immediately before the Closing, and Schedule VI sets forth the capitalization table of the Company immediately after the Closing.

**2.2 Reclassification and Issuance of Angel Shares Upon the Closing.** At the Closing: (i) the 250,000 Ordinary Shares held by Angel Investor A shall be redeemed by the Company; (ii) 1,000,000 Angel-1 Shares and 600,000 Angel-2 Shares shall be reserved by the Company in its share capital; (iii) the Company shall issue 375,000 Angel-1 Shares to Angel Investor A, (iv) the Company shall issue 393,750 Angel-1 Shares to Angel Investor B, (v) the Company shall issue 147,000 Angel-1 Shares to Angel Investor C, and (vi) the Company shall issue 513,000 Angel-2 Shares to Haode Investment. Except as disclosed in Section 3.5 of the Disclosure Schedule, each of the Angel Investors shall have paid its subscription price for the foregoing Angel Shares in full to the Company by the Closing.

**2.3 Payment of Subscription Price.** The Subscription Price shall be paid in available US\$ by the Investors to the bank account as designated by the Company on the date of the Closing, unless otherwise agreed by the Company and the Investors.

**2.4 Closing.** The consummation of the subscription and issuance of the Series A Preferred Shares pursuant to Section 2.1 (the “**Closing**”) shall take place remotely via the exchange of documents and signatures on June 29, 2018 (the “**Closing Date**”).

### 2.5 Closing Deliveries

At the Closing, the Company shall deliver (or cause to be delivered) to each Investor, in addition to all other closing deliveries set forth in Section 5 and Section 6, pursuant to Section 2.1:

(i) a copy of the Register of Members of the Company, duly certified by the registered agent of the Company, updated to reflect the subscription of the Subscription Shares by each of the Investors;

(ii) a copy of duly executed share certificate issued in the name of such Investor representing the Subscription Shares being issued to the Investor at the Closing, with the original (duly executed for and on behalf of the Company) to be delivered to the Investors within ten (10) Business Days after the Closing;

(iii) a copy of the Register of Directors of the Company evidencing the appointment of the Investor Director;

(iv) a copy of the Memorandum and Articles duly adopted by the Company's Board and shareholders in the form attached hereto as Exhibit A, with evidence of the filing of such adopted Memorandum and Articles with the Registrar of Companies in the Cayman Islands to be delivered to the Investors within ten (10) Business Days after the Closing;

(v) a copy of the Investors' Rights Agreement duly executed by the Company, the Founder Parties and the Angel Investor Parties in the form attached hereto as Exhibit C;

(vi) a copy of the Director Indemnification Agreement duly executed by the Company in the form attached hereto as Exhibit D; and

(vii) a certificate duly executed by one director of the Company (a) stating that the conditions specified in Section 5 have been fulfilled as of the Closing and (b) attaching thereto copies of all resolutions that shall approve the transactions contemplated under the Transaction Documents, including without limitation, (i) the adoption of the Memorandum and Articles in the form attached hereto as Exhibit A, (ii) the adoption of the Investors' Rights Agreement in the form attached hereto as Exhibit C, and (iii) the adoption of the Director Indemnification Agreement in the form attached hereto as Exhibit D.

### **3. Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties.**

The Group Company Parties, Haode Investment and the Founder Parties hereby jointly and severally represent and warrant to the Investors that each of the following statements is true, complete and accurate as of the date of this Agreement and the Closing (other than as otherwise provided in this Agreement, or fairly, accurately and specifically qualified or excepted in the Disclosure Schedule attached hereto as Exhibit B (the "**Disclosure Schedule**")):

#### **3.1 Organization; Good Standing; Qualification.**

(i) Each Group Company is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its establishment. Schedule V sets forth a true, complete and accurate capitalization table of the Company immediately before the Closing, and Schedule VI sets forth a true, complete and accurate capitalization table of the Company immediately after the Closing.

(ii) Each Group Company has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted and is duly qualified to transact business in each jurisdiction in which it operates its business.

(iii) Each of Founder A Holdco, Founder B Holdco and Haode Investment is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. Each of the Company, the HK Company and the BVI Company is a holding company and save for their holding of the share capital in the relevant Subsidiaries, none of them has carried out any business since the date of its incorporation and does not have any assets or liabilities. For the avoidance of doubt, if the HK Company carries out any business after the Closing, it shall not be deemed as a violation of this Section.

(iv) Except as disclosed in Section 3.1 of the Disclosure Schedule, each Group Company has obtained all permits, licenses necessary for the effective operation of its business.

### 3.2 Capitalization and Voting Rights.

(i) The capitalization of the Company immediately before the Closing will consist of 50,000,000 authorized Ordinary Shares, among which 1,000,000 Ordinary Shares are issued and outstanding. The capitalization of the Company immediately after the Closing will consist of (i) 46,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding.

(ii) There are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), or other third party rights of any kind, proxy or shareholders agreements or agreements of any kind for the purchase, exchange or acquisition of any Group Company of any of their securities.

(iii) The Company is not subject to any obligation (contingent or otherwise) to purchase or otherwise acquire or retire any equity interest held by its shareholders or to purchase or otherwise acquire or retire any of its other outstanding securities.

**3.3 Group Structure.** Part A of Schedule I sets forth a true, complete and accurate list of all of the Company's Subsidiaries and their respective registered capital and paid-in capital as of the date of this Agreement (for the avoidance of doubt, the Subsidiaries in the list shall not include branch companies of the Group Companies). Part B of Schedule I sets forth a true, complete and accurate group structure chart of the Group Companies showing the shareholding and Control relationships among the Group Companies as of the date of this Agreement. None of the Group Companies owns or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity that is not a Group Company. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

**3.4 Authorization.** Each of the Founder Parties, Haode Investment, the Angel Investor Parties and the Group Companies has all requisite power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to carry out and perform its obligations hereunder and thereunder. All corporate action on the part of each of the Founder Parties, Haode Investment, the Angel Investor Parties and the Group Companies and their respective officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and each other Transaction Document to which it is a party, the performance of all obligations of each of the Group Companies hereunder and thereunder, and the authorization, allotment, issuance (or reservation for issuance) and delivery by the Company of the Series A Preferred Shares being issued hereunder and the Ordinary Shares issuable upon conversion of such Series A Preferred Shares being issued hereunder, has been taken or will be taken prior to or on the Closing. Each Transaction Document to which each of the Founder Parties, Haode Investment, the Angel Investor Parties and the Group Companies is a party has been duly executed and delivered by each such party and constitutes valid and legally binding obligations thereof, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. None of the issuance of: (a) the Subscription Shares or (b) the Conversion Shares is subject to any preemptive rights or rights of first refusal.

### 3.5 Valid Issuance of Series A Preferred Shares.

(i) The Series A Preferred Shares that are being subscribed by or issued to the Investors hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents. The Ordinary Shares issuable upon conversion of the Series A Preferred Shares subscribed under this Agreement, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents.

(ii) All presently outstanding shares of the Company are duly and validly issued, and fully paid, and have been issued in full compliance with Applicable Laws, including to the extent applicable, the Securities Act and all other antifraud and other provisions of applicable securities laws and regulations.

**3.6 Consents.** No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any of the Company, any other Group Company, the Founder Parties, Haode Investment, or the Angel Investor Parties will be required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby is required, which has not already been secured or effected or will be secured or effected prior to the Closing.

**3.7 Offering.** The offer, sale and issuance of the Series A Preferred Shares and the Conversion Shares (when issued), as contemplated by this Agreement, is not required to comply with or is otherwise exempt from any registration and prospectus delivery and related requirements of the Securities Act and any applicable securities laws, and neither the Company nor any authorized agent acting on its behalf has taken or will take any action that would result in the Company having to comply with such requirements or cause the loss of such exemptions.

**3.8 Books and Records; Minutes.** All accounts, ledgers, material files, documents, instruments, papers, books and records relating to the business, operations, conditions (financial or other) of each Group Company, results of operations, and assets and properties of each Group Company (collectively, the “**Books and Records**”), each as demonstrated to the Investors and their representatives, are true, correct and complete in all material respects, there are no material inaccuracies or discrepancies of any kind contained or reflected therein, and they have been maintained in accordance with relevant legal requirements and industry standards, as applicable, including the maintenance of an adequate system of internal controls. The minute books of the Company, as demonstrated to the Investors and its representatives, contain complete and accurate records of all meetings of and corporate actions or written consents by the shareholders and the board of directors of such Group Company and, to the extent that such minute books are deficient, all material information not contained in such minutes has been conveyed to the Investors in other written form.

### 3.9 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax (as defined below) returns, statements, reports, declarations and other forms and documents (“**Tax Returns**”) that are required to have been filed by it with any Governmental Authority, except where the failure to timely file Tax Returns would not have a Material Adverse Effect, (b) has timely paid all Taxes owed by it which are due and payable, except where the failure to pay Tax would not have a Material Adverse Effect, and (c) has correctly deducted or withheld all Tax which it has been obliged under Applicable Laws to deduct or withhold, and has properly accounted to the relevant Governmental Authority for all amounts of Tax so deducted or withheld, except where the failure to correctly deduct, withhold or properly account would not have a Material Adverse Effect. For purposes of this Agreement, the following terms have the following meanings: “**Tax**” (and, with correlative meaning, “**Taxes**” and “**Taxable**”) means any and all taxes including, without limitation, any income, alternative or add-on minimum tax, gross income, gross receipts, sales use, ad valorem, transfer, franchise, profits, value added, net worth, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any United States, Cayman Islands, British Virgin Islands, PRC, Hong Kong or other local or foreign Governmental Authority or regulatory body responsible for the imposition of any such tax (domestic or foreign) (a “**Tax Authority**”).

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete.

(iii) Since the Statement Date, no Group Company has incurred any Liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company or other Tax matters, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes.

(v) No Group Company is or has ever been a PFIC or CFC. No Group Company anticipates that it will become a PFIC or CFC for the current taxable year or any future taxable year.

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**3.10 Litigation.** There is no litigation, arbitration, administrative investigation or other proceeding pending or threatened (whether or not the defense thereof or liabilities in respect thereof are covered by insurance) against or significantly affecting any Group Company, or any of its respective assets or properties, nor do any facts exist which would likely give rise to any such litigation, arbitration or proceeding, except where such litigation, arbitration or proceeding would not have a Material Adverse Effect on the Group Companies taken as a whole. There has not been any investigation, enquiry or disciplinary proceeding by any Governmental Authorities concerning any Group Company and none is pending or threatened.

### 3.11 Compliance with Applicable Laws.

(i) Each Group Company, is and at all times has been, in full compliance with all Applicable Laws in all material respects.

(ii) To the knowledge of the Founder Parties and Group Companies, no event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of any Group Company to comply with any Applicable Law, except where the failure to be in compliance would not have a Material Adverse Effect or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iii) No Group Company has received any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, possible, or potential violation of, or failure to comply with, any Applicable Law, or (b) any actual, alleged, possible, or potential obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iv) To the knowledge of the Founder Parties and Group Companies, no Group Company or any director, agent, employee or any other person acting for or on behalf of such Group Company, has directly or indirectly (a) made any contribution, gift, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, property, or services to any person (w) to obtain favorable treatment in securing business for such Group Company or any other member of the Group Company, (x) to pay for favorable treatment for business secured, (y) to obtain special concessions or for special concessions already obtained, for or in respect of such Group Company or any other Group Company, or (z) in violation of any Applicable Law, including the FCPA, or (b) established or maintained any fund or assets in which such Group Company has proprietary rights that have not been recorded in the Books and Records of the such Group Company.

**3.12 Compliance with Instruments.** No Group Company is in, nor will the conduct of business of any of them as proposed to be conducted result in, any violation, breach or default of the Memorandum and Articles or any other constitutional documents (which include, as applicable, any articles of incorporation, by-laws, joint venture contracts and the like), or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon any of them. The execution, delivery and performance of any Transaction Documents, and the consummation of the transactions contemplated herein and therein, will not result in any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either (a) a default under the Memorandum and Articles or similar charter documents of any Group Company or any such contract, agreement or instrument to which any Group Company, Founder Party or Haode Investment is a party or to which the assets of any Group Company are subject, (b) an event which results in the creation of any Lien, charge or encumbrance upon any asset of any Group Company, or (c) any violation of Applicable Laws.

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### 3.13 Intellectual Property Rights.

(i) The Group Companies exclusively own all right, title and interest in and to the IP Assets, free and clear of any Liens. No Group Company or, to the knowledge of the Founder Parties and Group Companies, none of the Group's employees, officers or directors has taken any actions or failed to take any actions that would cause any of IP Assets to be invalid, unenforceable or not subsisting. No IP Asset is the subject of any security interest, Lien, license or other contract granting rights therein to any other Person. No Group Company has (a) transferred or assigned, (b) granted a license to, or (c) provided to any Person any IP Asset to any Person. .

(ii) (a) to the knowledge of the Founder Parties and Group Companies, (i) neither the IP Assets nor their use infringe upon or misappropriate the rights of any other Person and (ii) none of the IP Assets is infringed upon or misappropriated by any other Person; (b) none of the Founder Parties, Haode Investment or the Group Companies has received any claim, any cease and desist or equivalent letter, any invitation to enter into a license, or any other notice of any allegation that any IP Assets or their use infringes upon, misappropriates or otherwise violates the Intellectual Property of any third parties or requires any payment to another Person.

(iii) Any registrations with and applications to Governmental Authorities in respect of any IP Assets required by Applicable Laws have been made, are valid and in full force and effect.

(iv) The Founder Parties, Haode Investment and the Group Companies have taken all necessary steps to protect and preserve the secrecy, confidentiality and value of the IP Assets and any related trade secrets and know-how.

**3.14 Compliance with the Employment Agreement.** Each of the Founders and Key Employees has entered into customary employment agreement, non-competition agreement, confidentiality agreement and assignment of inventions agreement with one of the Group Companies in the forms satisfactory to the Series A Investors. The terms of such agreements are binding on and enforceable against the Founder and the Key Employees under Applicable Laws. None of the Group Companies, the Founders and the Key Employees is or has been in violation of such agreement. Each Group Company has not given any notice of termination to or received any notice of resignation from any Founder or any Key Employee.

### 3.15 Compliance with the FCPA Compliance Policy.

(i) The Founder Parties, Haode Investment and the Group Companies have been and are in full compliance with the FCPA Compliance Policy in all respects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by the Founder Parties, Haode Investment and the Group Companies of, or a failure on the part of the Founder Parties, Haode Investment and the Group Companies to comply with, the FCPA Compliance Policy.

(ii) To the knowledge of the Founder Parties and Group Companies, all the officers, directors, employees, agents and representatives of the Company (collectively, the “**Company Personnel**”) have been and are in full compliance with the FCPA Compliance Policy in all respects. To the knowledge of the Founder Parties and Group Companies, no event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Company Personnel of, or a failure on the part of any of the Company Personnel to comply with, the FCPA Compliance Policy.

**3.16 Financial Statements.** The Company has allowed each Investor to review the unaudited financial statements (including balance sheets, income statements and statements of cash flow) of the Company for the period from its inception ended as of April 30, 2018 (the “**Statement Date**”) (collectively, the “**Financial Statements**”). The Financial Statements (a) have been prepared on a consolidated basis in accordance with the books and records of the Group Companies, (b) fairly present the financial condition and position of the Group Companies] as of the dates indicated therein and the results of operations and cash flows of the Group Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto, and (c) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applied on a consistent basis throughout the periods involved. The Group’s accounting records are accurate, up-to-date, in its possession and properly completed in accordance with the applicable Accounting Standards and Applicable Laws.

**3.17 Liabilities.** No Group Company has any Liabilities of the type required to be disclosed on the Financial Statements except for (i) liabilities set forth in the Financial Statements that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices and which do not exceed RMB 5,000,000 in the aggregate. None of the Group Companies is a guarantor or indemnitor or has provided security to secure any Liabilities of any other Person (other than a Group Company).

**3.18 Title.**

(i) Except disclosed in Section 3.18 of the Disclosure Schedule, the Group Companies have good and valid title to, or a valid leasehold interest in, all of their assets, whether real, personal or mixed, purported to be owned by them, free and clear of any liens. The foregoing assets collectively represent in all material respects all assets, rights and properties necessary for the effective conduct of the business of the Group as currently conducted and as proposed to be conducted by the Group. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease.

(ii) All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (i) in good condition and repair in all material respects (reasonable wear and tear excepted) and (ii) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

**3.19 Labor Matters.** There is no, and there has not been during the past one (1) years, any dispute relating to the violation or alleged violation of any Applicable Law by any Group Company pertaining to labour relations or employment matters that may have a Material Adverse Effect on any Group Company, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company. Each Group Company is in compliance with the Applicable Laws relating to its provision of any form of social insurance and housing fund (the “**Social Insurance**”), and has fully and timely paid all Social Insurance contributions required under the Applicable Laws for all of employees, except where the failure to be in compliance would not have a Material Adverse Effect.

**3.20 Changes Since the Statement Date.** Since the Statement Date:

- (i) each Group Company’s business has been operated in the ordinary course as a going concern;
- (ii) there has been no Material Adverse Effect to any Group Company or the Group taken as a whole;
- (iii) no material change has occurred in the assets and liabilities shown in the Financial Statements except for those occurred in the ordinary course of business of the Group; and
- (iv) no Group Company has declared, paid or made a dividend or distribution except as provided in the Financial Statements.

**3.21 Agreements.** To the knowledge of the Founder Parties and the Group Companies, no fact or circumstance exists which might invalidate or give rise to a ground for termination of any material agreement, arrangement or obligation to which any Group Company is a party. No party with whom any Group Company has entered into any material agreement, arrangement or obligation has given notice of its intention to terminate such agreement, arrangement or obligation. Neither a Group Company nor any party with whom any Group Company has entered into any agreement, arrangement or obligation is in material breach of such agreement, arrangement or obligation. No Group Company is a party to, or is liable under, a long term, onerous or unusual agreement, arrangement or obligation including, without limitation an agreement, arrangement or obligation:

- (i) entered into other than in the ordinary course of its business; or
- (ii) restricting any Group Company’s freedom to operate the whole or part of its business or to use any of its assets.

**3.22 Real Property.** None of the Group Companies owns any real property.

**3.23 Foreign Exchange.** The Founder Parties, Haode Investment and the Angel Investor Parties and any PRC domestic resident who has any beneficial interest in the Company, Haode Investment or Angel Investor Parties or any offshore holding company which holds any beneficial interest in the Company has obtained all necessary approvals from and made all necessary filings and registrations with in connection with the establishment or control of the Company or the relevant holding company (as the case may be). No other approvals are required to be obtained from and no other filings or registrations are required to be made with SAFE to enable any Group Company in the PRC to remit dividends or other forms of profits outside of the PRC to the Company in a freely convertible foreign currency.

**3.24 Related Party Agreements.** There has not been any agreement or arrangement (legally enforceable or not) with an amount over RMB 5,000,000 between, on the one hand, any Group Company and, on the other hand, (a) any Founder Party, Haode Investment or Angel Investor Party, (b) any of its Affiliates, (c) any shareholder, director or manager of any Group Company, any Founder Party, Haode Investment, any Angel Investor Party or any of their Affiliates, or (d) any person connected with any of them (including immediate family members).

**3.25 Bankruptcy, Insolvency and Winding Up.** No proceedings have commenced or are pending for the bankruptcy, insolvency, winding up, liquidation or reorganisation of any Group Company. No Group Company is bankrupt or insolvent. Each Group Company is able to pay its debts as they fall due and has sufficient assets to repay all of its debts.

**3.26 Full Disclosure.** The Founder Parties, Haode Investment and the Company have provided the Investors with all the information that the Investors have requested for deciding whether to consummate the transactions contemplated under this Agreement. None of the Transaction Documents or any other statements or certificates or other materials made or delivered, or to be made or delivered, to the Investors in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. No representation or warranty by the Founder Parties, Haode Investment or the Group Companies in this Agreement and no information or materials provided to the Investors in connection with their due diligence investigation of any Group Company or the negotiation and execution of the Transaction Documents, taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances in which they are made, not misleading.

#### **4. Representations and Warranties of the Investors.**

Each Investor, severally but not jointly, hereby represents and warrants to the Company that each of the following statements is true, complete and accurate with respect to itself only, as the date of this Agreement and as of the Closing:

**4.1 Organization; Good Standing; Qualifications.** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. It has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted and is duly qualified to transact business in each jurisdiction in which it operates business and where the failure to so qualify would have a Material Adverse Effect.

**4.2 Authorization.** It has all requisite power and authority to execute and deliver each Transaction Document to which it is a party and to carry out and perform its obligations thereunder. All actions on its part and its officers, directors and shareholders necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all its obligations thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document to which it is a party has been duly executed and delivered by it, and constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**4.3 Legal Funds.** The Subscription Price paid by such Investor shall be funds legally available to it under Applicable Laws.

**5. Conditions of the Investors' Obligation at the Closing.** The obligations of each Investor to complete the Closing are subject to the fulfillment of each of the following conditions, unless waived in writing by such Investor prior to the Closing:

**5.1 Representations and Warranties.** The representations and warranties of the Group Company Parties, Haode Investment and the Founder Parties contained in Section 3 which are qualified as to materiality shall be true, correct and complete, and each such representation and warranty that is not so qualified shall be true, correct and complete in all material respects, in each case on the date hereof and on the Closing Date as if made on and as of the Closing Date (except for such representations and warranties expressly stated herein to be made as of a specific date, which shall be true, correct and complete or true, correct and complete in all material respects (as the case may be) as of such date).

**5.2 Performance.** Each of the Parties other than the Investors shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**5.3 Qualifications.** Each of Parties hereto other than the Investors shall have obtained all authorizations, approvals, waivers or permits of any competent Governmental Authority or regulatory body that are required for the consummation of all of the transactions contemplated by the Transaction Documents, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body or any relevant third party, and (ii) the waiver by the existing shareholders of the Company of any anti-dilution rights, rights of first refusal, pre-emptive rights and all similar rights in connection with the issuance of the Subscription Shares at the Closing.

**5.4 Due Diligence.** Such Investor shall have completed its business, legal, financial due diligence investigation of the Group Companies to its satisfaction.

**5.5 Legal Opinions.** Such Investor shall have received from the Company opinions of PRC legal counsel of the Group Companies dated as of the Closing Date in the form attached as Exhibit E.

**5.6 No Material Adverse Effect.** There shall not have occurred prior to the Closing any event or transaction reasonably likely to result in a Material Adverse Effect.

**5.7 Investors' Rights Agreement.** The Company, the Founder Parties, Haode Investment, and the Angel Investor Parties shall have duly executed and delivered to such Investor the Investors' Rights Agreement in the form attached as Exhibit C.

**5.8 Director Indemnification Agreement.** The Company shall have duly executed and delivered to Investor A the Director Indemnification Agreement in the form attached as Exhibit D.

**6. Conditions of the Company's and Founder Parties' Obligations at the Closing.** The obligations of the Company and Founder Parties with respect to any Investor under this Agreement at the Closing are subject to the fulfillment or the Company's written waiver prior to the Closing of each of the following conditions:

**6.1 Representations and Warranties.** The representations and warranties of such Investor contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

**6.2 Performance.** Such Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**6.3 Investors' Rights Agreement.** Such Investor shall have duly executed and delivered to the Company, the Founder Parties, Haode Investment and the Angel Investor Parties the Investors' Rights Agreement in the form attached as Exhibit C.

**6.4 Waiver of Conditions.**

(i) At any time on or before the Closing Date, an Investor may waive a condition set out in Section 5, with respect to itself only, by notice to the Company and the Founder Parties on any terms such Investor decides.

(ii) At any time on or before the Closing Date, the Company may waive a condition set out in Section 6 with respect to an Investor by notice to such Investor on any terms it decides.

**7. Covenants.**

**7.1 Responsibility for Satisfaction of Conditions.** The Group Company Parties, Haode Investment and the Founder Parties shall make all reasonable efforts to achieve satisfaction of each condition set out in Section 5 as soon as possible and in any event not later than the Closing Date. From the date hereof, the Group Company Parties, Haode Investment and the Founder Parties shall timely inform the Investors of and discuss with the Investors the status of the Group Companies', Haode Investment's and the Founder Parties' progress in fulfilling the closing conditions set forth in Section 5. If, at any time, any Group Company Party, Haode Investment, or Founder Party becomes aware of the satisfaction of any condition that it is responsible for the satisfaction or becomes aware of any fact or circumstance that might prevent any condition from being satisfied, it shall immediately inform the other Parties in writing.

**7.2 Further Assurances.** Each of the Group Company Parties, Haode Investment, and the Founder Parties agrees to from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Investors may reasonably request for the purpose of effectively carrying out the transactions contemplated by the Transaction Documents. This covenant shall survive the Closing.

**7.3 Pre-Closing Undertakings.** Between the date of this Agreement and the Closing Date, each of the Group Company Parties, Haode Investment, and the Founder Parties jointly and severally undertakes to the Investors to procure that each Group Company shall operate its business in the ordinary course so as to maintain that business as a going concern, and not to take actions or engage in or commit to transactions that are extraordinary in nature or would reasonably be expected to negatively impact the interest of a potential investor at or after the Closing.

**7.4 Use of Funds.** The proceeds received by the Company under this Agreement shall be used for the Group's ordinary course of business and the satisfaction of the related capital expenditure and cash flow requirements.

**7.5 Post-Closing Undertaking of the Group Company Parties and the Founder Parties.** Each of the Group Company Parties, Haode Investment and the Founder Parties jointly and severally undertakes to the Investors that, such Party shall complete or cause relevant Persons to complete the following matters, within the timelines stated in this Section 7.5:

(i) as soon as practicable after the Closing and no later than six (6) months following the Closing, the Founders, Beijing WFOE and the VIE Entity shall, and each of the Group Company Parties, Haode Investment and the Founder Parties shall cause all of the relevant parties to, duly execute a full set of the Control Documents which shall be in the form and substance satisfactory to the Investors and binding on and enforceable against each of the parties thereto, and complete all actions necessary to give full effect to the Control Documents and transactions contemplated therein;

(ii) as soon as practicable after the Closing and no later than three (3) months following the Closing, the domain name of "luckincoffee.com" shall be transferred to and registered under the name of the Beijing WFOE (or such other Group Company as agreed by Investors in advance) with no transfer costs incurred by any Group Company;

(iii) as soon as practicable after the Closing and no later than nine (9) months following the Closing, the VIE Entity shall obtain the ICP License with scope and terms applicable to the current and prospective business operations of the VIE Entity and satisfactory to Investors.

(iv) as soon as practicable after the Closing, each of the Group Companies (including branches thereof) shall obtain necessary permits and licenses necessary for the effective operation of its business, except that with respect to (i) the business license and (ii) the food operation permit of a Group Company, a Party shall not be deemed to have breached this covenant as long as such Group Company uses its good faith and makes its reasonable efforts to obtain such license and permit in due course; and

(v) as soon as practicable after the Closing, the Group Companies shall use their best efforts to obtain the essential PRC trademarks that are necessary for the effective operation of its business.

**7.6 Post-Closing Undertaking of the Investors.** Each Investor hereby agrees that after the Closing, it shall from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Company may reasonably request for the purpose of effectively carrying out the transactions contemplated by and in accordance with the Xizang Trust Cooperation Memorandum (as defined in the in the Disclosure Schedule), and the Investors shall not exercise their Pre-emption Rights(as defined in the Investors' Rights Agreement), Anti-Dilution (as defined in the Investors' Rights Agreement) rights or any other rights to restrict Xizang Trust (as defined in the in the Disclosure Schedule) or its Affiliates from making equity investment in the Company as contemplated by and in accordance with the terms of the Xizang Trust Cooperation Memorandum.

## **8. Confidentiality.**

**8.1 Disclosure of Terms.** The terms and conditions of this Agreement, all exhibits and schedules attached hereto and the transactions contemplated hereby (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any Party to any third party without the prior written consent of all other Parties except in accordance with the provisions set forth below.

**8.2 Permitted Disclosures.** Notwithstanding the foregoing, the Company and the Investors may disclose any of the Financing Terms to its Affiliates and its and their respective current directors, employees, accountants and attorneys, in each case only on an as-needed basis and where such Persons are under appropriate non-disclosure obligations.

**8.3 Legally Compelled Disclosure.** In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement or content of any of the Financing Terms in contravention of the provisions of this Section 8, such Party (the "**Disclosing Party**") shall, unless prohibited by law, provide the other Parties with prompt written notice of that fact and shall consult with the other Parties regarding such disclosure. The Disclosing Party shall, to the extent possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

**8.4 Other Exceptions.** Notwithstanding any other provision of this Section 8, the confidentiality obligations of the Parties shall not apply to: (a) information which a restricted Party learns from a third party having the right to make the disclosure, provided the restricted Party complies with any restrictions imposed by the third party; (b) information which is in the restricted Party's possession prior to the time of disclosure by the protected Party and not acquired by the restricted Party under a confidentiality obligation; (c) information which enters the public domain without breach of confidentiality by the restricted Party, or (d) in the case of the Investors, information required to be disclosed under securities laws or the rules of any stock exchange applicable to Investor.

**8.5 Press Releases.**

(i) None of the Group Company Parties, Haode Investment, the Founder Parties and the Angel Investor Parties shall, and they shall procure that no Group Company shall, issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Investors. None of the Group Company Parties, Haode Investment, the Founder Parties and the Angel Investor Parties shall, and they shall procure that none of the Group Companies shall, issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of an Investor or any of its Affiliates without obtaining in each instance the prior written consent of such Investor.

(ii) No Investor shall issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Company. No Investor shall issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Group Company Parties, Haode Investment, the Founder Parties and the Angel Investor Parties, or any of its respective Affiliates without obtaining in each instance the prior written consent of the Company.

**8.6 Effectiveness.**

(i) Subject to Section 8.6(ii), the provisions of this Section 8 shall survive the termination of this Agreement and shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties hereto with respect to the transactions contemplated hereby.

(ii) Sections 8.1 to 8.3 shall be terminated with respect to a Party upon its execution of the Investors' Rights Agreement and superseded by the confidentiality obligations set out therein in Section 18 of the Investors' Rights Agreement.

**9. Indemnification.**

**9.1 General.** Without prejudice to any other right or remedy available, the Founder Parties, Haode Investment and the Group Company Parties (each, an "**Indemnifying Party**") shall jointly and severally indemnify on an after Tax basis and hold the Investors, their Affiliates and their respective representatives, together with their successors and permitted assigns (each, an "**Indemnified Party**"), harmless from and against any and all Indemnifiable Loss resulting from, arising out of or relating to: (i) any breach of any representation or warranty of any Indemnifying Party contained in any Transaction Document (without regard to the materiality qualifiers contained therein), (ii) the nonperformance, partial or total, of any covenant of any Indemnifying Party contained in any Transaction Document, (iii) any failure by the VIE Entity to obtain or maintain the ICP License and (iv) the failure to execute and effect the Control Documents pursuant to Section 7.5 or any breach or non-compliance with the Control Documents by any party thereto.

**9.2 Notice of Claims.** If an Indemnified Party makes any claim or demand against an Indemnifying Party for indemnification, the claim or demand shall be in writing and shall state in general terms the facts upon which the Indemnified Party makes the claim or demand. If such notice is not given, it will not release any Indemnifying Party, in whole or in part, from its obligations under this Section 9, except to the extent that such Indemnifying Party's ability to defend against claim or demand is materially and actually prejudiced thereby.

**9.3 Survival.** The Fundamental Representations of the Founder Parties, Haode Investment and the Group Companies contained in the Transaction Documents shall survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties hereto contained in this Agreement or in any certificate delivered pursuant hereto or in connection herewith shall survive the Closing indefinitely or for the shorter period explicitly specified therein, *provided* that for such covenants and agreements that survive for such shorter period, claims for breaches thereof shall survive indefinitely or until the latest date permitted by Law. Notwithstanding the foregoing, if notice of any claim or demand for indemnification shall have been given, such claim or demand shall survive the time at which it would otherwise terminate.

**10. Miscellaneous.**

**10.1 Investor's Knowledge not a Defense.** Nothing disclosed by the Group Company Parties, Haode Investment or the Founder Parties to the Investors other than in the Disclosure Schedule shall constitute disclosure for the purposes of this Agreement. No other knowledge of an Investor or its advisers relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by such Investor for breach of Section 3 (Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties). The Group Company Parties, Haode Investment and the Founder Parties shall not invoke the knowledge of an Investor or its advisers (actual, constructive or imputed) of a fact or circumstance which might make any statement in Section 3 untrue or inaccurate as a defense to a claim for breach of Section 3.

**10.2 Termination.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned at any time prior to Closing:

(i) by mutual agreement;

(ii) upon written notice from an Investor with respect to itself only, in the event of a material breach of any Transaction Document by any of the Founder Parties, Haode Investment or Group Company Parties if such breach has not been cured within fifteen (15) Business Days following notification thereof; or

(iii) with respect to the agreements between an Investor and the Company, upon written notice from the Company with respect to such Investor only, in the event of a material breach of any Transaction Document by such Investor if such breach has not been cured within fifteen (15) Business Days following notification thereof.

If this Agreement is terminated pursuant to this Section 10.2, all further obligations of the Parties under this Agreement shall terminate, except for those obligations which are intended, expressly or implicitly, to survive the termination of this Agreement, provided, however, that no such termination of this Agreement shall relieve any Party of any liability for breaches of this Agreement occurring prior to the date of termination.

**10.3 Assignments and Transfers; Third Party Beneficiaries.** This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, permitted assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Investor hereunder shall be assignable (i) to an Affiliate of such Investor, or (ii) to any other assignee or transferee to whom such Investor transfers Equity Securities, provided that such transferee agrees in writing to be bound by the terms of this Agreement. This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. For the avoidance of doubt, the terms of this Agreement are not intended to be enforceable by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by any person who is not a Party to this Agreement.

**10.4 Governing Law.** This Agreement shall be governed by and construed under the laws of Hong Kong without regard to principles of conflicts of law thereunder.

**10.5 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10.6 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**10.7 Notices.** Any and all notices required or permitted under this Agreement shall be given in writing in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the date of transmission with receipt of a transmittal confirmation, (c) if transmitted by email, on the date of transmission, or (d) if by international courier service, on the fourth (4<sup>th</sup>) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. Any notice given pursuant to this Section 10.7 shall be addressed to the address, facsimile number or email address of the receiving Party as set forth on Schedule III of this Agreement or at such other addresses as such Party may designate by ten (10) days advance written notice to the other Parties hereto.

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**10.8 Amendments and Waivers.** Except as otherwise provided in Section 6.4, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written instrument signed by the Company, the Investors and the Founder Parties.

**10.9 Severability.** If one or more provisions of this Agreement are held to be unenforceable under any Applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**10.10 Remedies Not Exclusive.** Each Party's rights and remedies contained in this Agreement are cumulative and not exclusive of other rights or remedies provided by law.

**10.11 Entire Agreement.** This Agreement, the other Transaction Documents and the documents referred to herein and therein, together with all schedules and exhibits hereto and thereto, constitute the entire agreement among the Parties and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

**10.12 Tax and Expenses.**

(i) Subject to Section 10.12(ii) below, the Company shall pay all of its own costs, expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents, and each Investor shall pay all of its own extra costs and expenses to the extent the total Expenses by all the Investors exceed RMB 400,000, and each Investor shall bear its own Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents, provided that the costs incurred by King & Wood Mallesons related to its legal due diligence work on the Group shall be shared equally among all the Investors who have received its legal due diligence report, and the costs incurred by PricewaterhouseCoopers related to its financial due diligence work on the Group shall be shared equally among all the Investors who have received its financial due diligence report.

(ii) If the Closing occurs, the Company shall reimburse all legal, financial, professional and other third-party fees, costs and expenses incurred by the Investors in connection with the conduct of its industry, legal and financial due diligence and its negotiation, preparation, execution and completion of this Agreement and any other Transaction Documents hereunder and thereunder (the "**Expenses**"), in proportion to the Investors' respective amounts of the Subscription Price, provided however that, the maximum reimbursement of the Expenses to all of the Investors shall not exceed RMB 400,000.

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**10.13 Dispute Resolution.** Any dispute, controversy or difference between the Parties arising out of, in connection with or relating to, this Agreement (a “**Dispute**”) shall be resolved through arbitration pursuant to this Section 10.13. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the “**HKIAC**”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIAC Rules**”) in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the “**Claimant**”) and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the “**Respondent**”) shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 10.13 including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.13 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the Parties to the arbitration strictly in accordance with the substantive law of the Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney’s fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing Parties, and any Party may apply to a court of competent jurisdiction for enforcement of such award. A Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Lucky Cup Holdings Limited

By: /s/ Hui Li

Name: Hui Li

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Capital II, L.P.

By: Joy Capital II GP, L.P.  
its general partner

By: Joy Capital GP, Ltd.  
its general partner

By: /s/ Erhai Liu  
Name: Erhai Liu  
Title: Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Luck Management Limited

By: /s/ Erhai Liu

Name: Erhai Liu

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Galaxy Shine Limited

By: /s/ Zehui Liu

Name: Zehui Liu

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Inc.  
/s/ Seal of Luckin Coffee Inc.

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Investment Inc.

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee (China) Limited  
/s/ Seal of Luckin Coffee (China) Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Co., Ltd.  
北京 Luckin Coffee 有限公司

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Beijing Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China Luckin Coffee Co., Ltd.  
中国 Luckin Coffee 有限公司

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of China Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Tianjin Luckin Coffee Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Legal Representative  
Company Seal:  
/s/ Seal of Tianjin Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Pingtian Luckin Coffee E-Commerce Co., Ltd.  
□□□□□□□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Pingtian Luckin Coffee E-Commerce Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Technology Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Beijing Luckin Coffee Technology Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Zhiya Qian

Signature: /s/ Zhiya Qian  
Zhiya Qian

Summer Fame Limited  
/s/ Seal of Summer Fame Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Min Chen

Signature: /s/ Min Chen  
Min Chen

May Bliss Limited  
/s/ Seal of May Bliss Limited

By: /s/ Min Chen  
Name: Min Chen  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Primus Investments Fund, L.P.

By: /s/ Shaogeng Yang

Name: Shaogeng Yang

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Mayer Investments Fund, L.P.

By: /s/ Roger Hung Fat Wong

Name: Roger Hung Fat Wong

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

STAR GROVE GLOBAL LIMITED

By: /s/ Yihui Zhang

Name: Yihui Zhang

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Carob Investment Pte Ltd

By: /s/ Goh Chin Kiong

Name: Goh Chin Kiong

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Haode Investment Inc.

By: /s/ GUO, Lichun

Name: GUO, Lichun

Title: Director

Signature Page

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**SERIES B PREFERRED SHARE PURCHASE AGREEMENT**

THIS SERIES B PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of November 2, 2018 (the “**Effective Date**”), by and among:

1. Luckin Coffee Inc., an exempted company organized under the laws of the Cayman Islands with its company number of [ ] (the “**Company**”);
2. Luckin Coffee Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**BVI Company**”);
3. Luckin Coffee (HongKong) Limited (□□□□□□□□□□), a company incorporated under the laws of Hong Kong, with its company number of [ ] (the “**HK Company**”);
4. Beijing Luckin Coffee Co., Ltd. (□□□□□□□□□□), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Beijing WFOE**”);
5. China Luckin Coffee Co., Ltd. (□□□□□□□□□□), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Xiamen WFOE**”);
6. Tianjin Luckin Coffee Co., Ltd. (□□□□□□□□□□), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Tianjin WFOE**”);
7. Pingtan Luckin Coffee E-Commerce Co., Ltd. (□□□□□□□□□□□□□□), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Pingtian WFOE**”);
8. Beijing Luckin Coffee Technology Co., Ltd. (□□□□□□□□□□), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**VIE Entity**”, and together with the Company, the BVI Company, the HK Company, the Beijing WFOE, the Xiamen WFOE, the Tianjin WFOE and the Pingtan WFOE, the “**Group Company Parties**”);
9. Zhiya Qian (□□□), a citizen of the PRC with identification number of [ ] (the “**Founder A**”);
10. Summer Fame Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of 1948170 (the “**Founder A Holdco**”);
11. Min Chen (□□), a citizen of the PRC with identification number of [ ] (the “**Founder B**”, together with Founder A, collectively the “**Founders**” and each, a “**Founder**”);

12. May Bliss Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder B Holdco**”, together with Founder A, Founder A Holdco and Founder B, collectively, the “**Founder Parties**”, and each, a “**Founder Party**”);
13. Haode Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Haode Investment**”);
14. Joy Capital II, L.P., a limited partnership incorporated and existing under the laws of Cayman Islands, with its company number of [ ] (“**Investor A**”);
15. Honour Ample Limited, a company incorporated and existing under the laws of the British Virgin Islands, with its company number of [ ] (“**Investor B**”);
16. Joy Luck Management Limited, a company incorporated and existing under the laws of Hong Kong, with its company number of [ ] (“**Investor C**”, together with Investor A and Investor B, “**Joy Capital**”);
17. Fortunate Cup Holdings Limited, a company incorporated and existing under the laws of the Cayman Islands, with its company number of [ ] (“**Investor D**”);
18. China International Capital Corporation (Hong Kong) Limited, a company incorporated and existing under the laws of Hong Kong, with its company number of [ ] (“**Investor E**”);and
19. Carob Investment Pte Ltd, a company incorporated and existing under the laws of Singapore with its company number of [ ] (“**Investor F**”, together with Investor A, Investor B, Investor C, Investor D and Investor E, collectively, the “**Investors**” and each, an “**Investor**”).

The Group Company Parties, the Founder Parties, Haode Investment and the Investors are referred to collectively herein as the “**Parties**”, and each individually as a “**Party**”.

#### **RECITALS**

- A. The Company was incorporated under the laws of the Cayman Islands on June 16th, 2017 with its registered address at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- B. The Company proposes to issue and sell certain number of Series B Preferred Shares to the Investors pursuant to the terms and subject to the conditions of this Agreement.
- C. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. **Definitions and Interpretation.**

1.1 Definitions.

“**Affiliate**” means, with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person.

“**Angel Shares**” means the Angel-1 Shares and Angel-2 Shares, collectively.

“**Angel-1 Shares**” means the Company’s angel-1 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel-2 Shares**” means the Company’s angel-2 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel Investor Party**” or “**Angel Investor Parties**” means the holder(s) of Angel Shares.

“**Applicable Laws**” means, with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or a day that the banks in the PRC, Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Closing Date**” means the date of the Closing.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Control**” of a given Person means the power of authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person or power to appoint a majority of the members of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Control Documents**” means the documents entered into between the VIE Entity, its shareholders and certain other Group Companies, which shall grant the Beijing WFOE with effective Control over 100% economic interest in the VIE Entity, including (a) the Master Exclusive Service Agreement entered into by the Beijing WFOE and the VIE Entity dated as of July 20, 2018, (b) the Business Cooperation Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (c) the Confirmation and Guarantee Letters respectively issued by the shareholders of the VIE Entity, dated as of July 20, 2018 or September 20, 2018, as applicable, (d) the Spousal Consents respectively issued by the spouse of certain shareholders of the VIE Entity dated as of July 20, 2018 or September 20, 2018, as applicable, (e) the Exclusive Option Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (f) the Proxy Agreement and Power of Attorney entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, and (g) the Share Pledge Agreement entered into by the Beijing WFOE and the Founders dated as of September 20, 2018, each as amended from time to time.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of the Preferred Shares, as applicable.

“**Director Indemnification Agreement**” means the Director Indemnification Agreement to be entered into by and between the Company and the Series B Investor Director (as defined in the Investors’ Rights Agreement and to be appointed by Joy Capital) in the form attached hereto as Exhibit D.

“**Equity Securities**” means any Ordinary Shares and Ordinary Share Equivalents.

“**FCPA**” means the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended.

“**Fundamental Representations**” means those representations and warranties of the Group Company Parties, Haode Investment and Founder Parties set forth in Sections 3.1 (Organization; Good Standing; Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Group Structure), 3.4 (Authorization), 3.5 (Valid Issuance of Series B Preferred Shares), 3.6 (Consents) and 3.7 (Offering).

“**Governmental Authority**” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision and their respective local and provincial branches or departments.

“**Group**” means the Group Companies collectively.

“**Group Company**” means the Company and its Subsidiaries from time to time (Part A of the Schedule I sets forth all of the Company’s Subsidiaries as of the date of this Agreement) and collectively, the “**Group Companies**”.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**Indemnifiable Loss**” means, with respect to any Person, any action, claim, dispute, proceeding, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, Taxes, settlement or judgment of any kind or nature imposed on or otherwise incurred or suffered by such Person.

“**Intellectual Property**” means any and all (i) works, registered and unregistered copyrights, copyright registrations and applications, moral rights and attribution rights, (ii) know-how, trade secrets, customer lists, patents and patent applications, (iii) processes and procedures, software, firmware, programs and source disks, source codes, designs, composition services, research records, records of invention and test information, (iv) trade names, trade dress, trademarks, and service marks, and registrations and applications therefor, as well as all goodwill associated with and symbolized thereby, (v) internet uniform resource locators, domain names, data, databases and data collections and all rights therein, and (vi) rights of privacy and publicity and rights to personal information.

“**Investors’ Rights Agreement**” means the Amended and Restated Investors’ Rights Agreement to be entered into by and among the Group Company Parties, Haode Investment, the Founder Parties, the Angel Investor Parties, the Series A Investors and the Investors in the form attached hereto as Exhibit C.

“**IP Assets**” means all Intellectual Property owned or used by or purported to be owned or used by the Group Companies.

“**Key Employees**” means the employees listed in Schedule IV.

“**Lien**” means a mortgage, lien, security interest, pledge, encumbrance or any option (whether consensual, statutory or otherwise) or other contract to enter into any of the foregoing or any power of attorney in respect of any of the foregoing, or third party rights of any kind.

“**Material Adverse Effect**” means any change, event or effect that (i) is or would reasonably be expected to be materially adverse to the business, assets, financial condition or results of operations or prospects of any Group Company individually or the Group Companies taken together as a whole or (ii) is or would materially impair the validity or enforceability of this Agreement against any Group Company or (iii) is or would be reasonably expected to materially and adversely affect any Group Company’s ability to perform their obligations under this Agreement, any other Transaction Document or the transactions contemplated hereunder or thereunder.

“**Memorandum and Articles**” means the Second Amended and Restated Memorandum and Articles of the Company, in the form attached hereto as Exhibit A, as may be amended from time to time.

“**Ordinary Share Equivalents**” means securities exercisable or convertible into Ordinary Shares, including without limitation the Preferred Shares.

“**Ordinary Shares**” means the Company’s ordinary shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Person**” means any individual, corporation, partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.

“**PFIC**” means a passive foreign investment company as defined in the Code.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the islands of Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares and Series B Preferred Shares.

“**RMB**” means the legal currency of the PRC.

“**SAFE**” means the State Administration of Foreign Exchange or its competent local counterpart.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles.

“**Series A Investor(s)**” means the holder(s) of Series A Preferred Shares.

“**Series B Investor Director**” means the member of the Board to be appointed by Joy Capital in accordance with the provisions of the Investors’ Rights Agreement.

“**Series B Preferred Shares**” means the Company’s series B preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles.

“**Subsidiary**” means, with respect to any Person (other than a natural person), any other Person directly or indirectly Controlled by such first-mentioned Person.

“**Transaction Documents**” means, collectively, this Agreement, the Investors’ Rights Agreement, the Memorandum and Articles and any other document or agreement in connection with the transactions contemplated herein or therein.

“**United States**” means the United States of America.

“**US\$**” means the legal currency of the United States of America.

**1.2 Terms Defined Elsewhere in this Agreement.** The following terms are defined in this Agreement as follows:

<b>“Agreement”</b>	Preamble
<b>“Angel Round Financing Amount”</b>	Section 3.5 of the Disclosure Schedule
<b>“Beijing WFOE”</b>	Preamble
<b>“Books and Records”</b>	Section 3.8
<b>“BVI Company”</b>	Preamble
<b>“Claimant”</b>	Section 10.13
<b>“Closing”</b>	Section 2.3
<b>“Closing Date”</b>	Section 2.3
<b>“Company”</b>	Preamble
<b>“Company Personnel”</b>	Section 3.15(ii)
<b>“Disclosing Party”</b>	Section 8.3
<b>“Disclosure Schedule”</b>	Section 3
<b>“Dispute”</b>	Section 10.13
<b>“Effective Date”</b>	Preamble
<b>“Expenses”</b>	Section 10.12
<b>“Financing Terms”</b>	Section 8.1
<b>“Founder”</b>	Preamble
<b>“Founder Parties”</b>	Preamble
<b>“Financial Statements”</b>	Section 3.16
<b>“Group Company Parties”</b>	Preamble
<b>“Haode Investment”</b>	Preamble
<b>“HK Company”</b>	Preamble
<b>“HKIAC”</b>	Section 10.13
<b>“HKIAC Rules”</b>	Section 10.13
<b>“IFRS”</b>	Section 3.16
<b>“Indemnified Party”</b>	Section 9.1
<b>“Indemnifying Party”</b>	Section 9.1
<b>“Investor A”</b>	Preamble
<b>“Investor B”</b>	Preamble
<b>“Investor C”</b>	Preamble
<b>“Investor D”</b>	Preamble
<b>“Investor E”</b>	Preamble
<b>“Investor F”</b>	Preamble
<b>“Investors”</b>	Preamble
<b>“Joy Capital”</b>	Preamble
<b>“Joinder Agreement”</b>	Section 10.3
<b>“Luckin Shenzhen”</b>	Section 7.5
<b>“Party” or “Parties”</b>	Preamble
<b>“Permit”</b>	Section 3.1
<b>“Pingtan WFOE”</b>	Preamble
<b>“Respondent”</b>	Section 10.13
<b>“Tianjin WFOE”</b>	Preamble
<b>“Social Insurance”</b>	Section 3.19
<b>“Statement Date”</b>	Section 3.16
<b>“Subscription Price”</b>	Section 2.1
<b>“Subscription Shares”</b>	Section 2.1
<b>“Tax”, “Taxes” and “Taxable”</b>	Section 3.9
<b>“Tax Authority”</b>	Section 3.9
<b>“Tax Returns”</b>	Section 3.9
<b>“VIE Entity”</b>	Preamble
<b>“Xiamen WFOE”</b>	Preamble
<b>“Xizang Trust”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Cooperation Memorandum”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Issue Price”</b>	Section 3.2 of the Disclosure Schedule

### 1.3 Interpretation

- (i) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (ii) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (iii) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (iv) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (v) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (vi) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (vii) Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day.
- (viii) Writing. References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.

(ix) **Language.** This Agreement is drawn up in the English language. If this Agreement is translated into any language other than English, the English language text shall prevail.

(x) **Reference to Parties.** A reference to a Party, unless the context otherwise requires, includes a reference to that Party's legal personal representatives, successors and permitted assigns.

(xi) **Knowledge.** A reference to "the knowledge of the Founder Parties, Haode Investment and Group Company Parties" includes, without limitation, the knowledge, information and belief of any of the Founder Parties, Haode Investment, the Group Companies and the directors and senior management personnel of each Group Company, and is deemed to include the knowledge, information and belief which any of such persons would have if he/she/it had made all reasonable enquiries.

## 2. Subscription and Issuance of Shares

**2.1 Issuance of Subscription Shares.** Subject to the terms and conditions of this Agreement, each of the Investors hereby agrees to subscribe at the Closing and the Company hereby agrees to allot and issue to each of the Investors at the Closing, such number of Series B Preferred Shares as set forth opposite the name of such Investor in Schedule II (the "**Subscription Shares**") at the per share price of US\$ 734.37. The purchase price payable by each Investor (the "**Subscription Price**") is as set forth opposite the name of such Investor in Schedule II. The Subscription Shares, when issued at the Closing, will comprise such percentage of the Company's allotted and issued share capital on a fully-diluted and as converted basis as set forth opposite the name of each Investor in Schedule II. Schedule V sets forth the capitalization table of the Company immediately before the Closing, and Schedule VI sets forth the capitalization table of the Company immediately after the Closing.

**2.2 Payment of Subscription Price.** The Subscription Price shall be paid in available US\$ by the Investors to the bank account as designated by the Company on the date of the Closing, unless otherwise agreed by the Company and the Investors.

**2.3 Closing.** The consummation of the subscription and issuance of all the Subscription Shares pursuant to Section 2.1 (the "**Closing**") shall take place remotely via the exchange of documents and signatures on November 15, 2018 (the "**Closing Date**"). For the avoidance of doubt, each Investor's obligation to consummate the Closing is several and not joint and, in the event that any Investor does not close on the Closing Date, as long as any other Investor determines to consummate the Closing, the Company shall consummate the Closing with such other Investor pursuant to the terms and conditions of this Agreement.

### 2.4 Closing Deliveries

At the Closing, the Company shall deliver (or cause to be delivered) to each Investor, in addition to all other closing deliveries set forth in Section 5 and Section 6, pursuant to Section 2.1:

(i) a copy of the Register of Members of the Company, duly certified by the registered agent of the Company, updated to reflect the subscription of the applicable Subscription Shares by each of the Investors;

(ii) a copy of duly executed share certificate issued in the name of such Investor representing the applicable Subscription Shares being issued to such Investor at the Closing, with the original (duly executed for and on behalf of the Company) to be delivered to such Investor within ten (10) Business Days after the Closing;

(iii) a copy of the Register of Directors of the Company evidencing the appointment of the Series B Investor Director;

(iv) a copy of the Memorandum and Articles duly adopted by the Board and shareholders of the Company in the form attached hereto as Exhibit A, with evidence of the filing of such adopted Memorandum and Articles with the Registrar of Companies in the Cayman Islands to be delivered to such Investor within ten (10) Business Days after the Closing;

(v) a copy of the Investors' Rights Agreement duly executed by the Group Company Parties, the Founder Parties, the Angel Investor Parties and the Series A Investors in the form attached hereto as Exhibit C;

(vi) a copy of the Director Indemnification Agreement duly executed by the Company in the form attached hereto as Exhibit D;

(vii) documents evidencing that each of the Founder Parties, Angel Investor Parties and Series A Investors has waived or has been deemed to waive its pre-emption right with respect to the Subscription Shares; and

(viii) a certificate duly executed by one director of the Company (a) stating that the conditions specified in Section 5 have been fulfilled as of the Closing and (b) attaching thereto copies of all resolutions that shall approve the transactions contemplated under the Transaction Documents, including without limitation, (i) the entry into this Agreement, (ii) the adoption of the Memorandum and Articles in the form attached hereto as Exhibit A, (iii) the adoption of the Investors' Rights Agreement in the form attached hereto as Exhibit C, and (iv) the adoption of the Director Indemnification Agreement in the form attached hereto as Exhibit D.

### **3. Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties.**

The Group Company Parties, Haode Investment and the Founder Parties hereby jointly and severally represent and warrant to the Investors that each of the following statements is true, complete and accurate as of the date of this Agreement and the Closing (other than as otherwise provided in this Agreement, or fairly, accurately and specifically qualified or excepted in the Disclosure Schedule attached hereto as Exhibit B (the "**Disclosure Schedule**")):

### 3.1 Organization; Good Standing; Qualification.

(i) Each Group Company is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its establishment. Schedule V sets forth a true, complete and accurate capitalization table of the Company immediately before the Closing, and Schedule VI sets forth a true, complete and accurate capitalization table of the Company immediately after the Closing.

(ii) Each Group Company has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted and is duly qualified to transact business in each jurisdiction in which it operates its business.

(iii) Each of Founder A Holdco, Founder B Holdco and Haode Investment is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. Each of the Company, the HK Company and the BVI Company is a holding company and save for their holding of the share capital in the relevant Subsidiaries, none of them has carried out any business since the date of its incorporation and does not have any assets or liabilities. For the avoidance of doubt, if the HK Company carries out any business after the Closing, it shall not be deemed as a violation of this Section.

(iv) Except as disclosed in Section 3.1 of the Disclosure Schedule, each Group Company has obtained all permits, licenses necessary for the effective operation of its business.

### 3.2 Capitalization and Voting Rights.

(i) The capitalization of the Company immediately before the Closing will consist of (i) 46,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding. The capitalization of the Company immediately after the Closing will consist of (i) 45,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding; (v) 1,000,000 Series B Preferred Shares, among which 272,343 Series B Preferred Shares are issued and outstanding;

(ii) Except as disclosed in Section 3.2 of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), or other third party rights of any kind, proxy or shareholders agreements or agreements of any kind for the purchase, exchange or acquisition of any Group Company of any of their securities.

(iii) The Company is not subject to any obligation (contingent or otherwise) to purchase or otherwise acquire or retire any equity interest held by its shareholders or to purchase or otherwise acquire or retire any of its other outstanding securities.

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**3.3 Group Structure.** Part A of Schedule I sets forth a true, complete and accurate list of all of the Company's Subsidiaries and their respective registered capital and paid-in capital as of the date of this Agreement (for the avoidance of doubt, the Subsidiaries in the list shall not include branch offices of the Group Companies). Part B of Schedule I sets forth a true, complete and accurate group structure chart of the Group Companies showing the shareholding and Control relationships among the Group Companies as of the date of this Agreement. None of the Group Companies owns or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity that is not a Group Company. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

**3.4 Authorization.** Each of the Founder Parties, Haode Investment, and the Group Company Parties has all requisite power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to carry out and perform its obligations hereunder and thereunder. All corporate action on the part of each of the Founder Parties, Haode Investment, the Group Company Parties and their respective officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and each other Transaction Document to which it is a party, the performance of all obligations of each of the Group Company Parties hereunder and thereunder, and the authorization, allotment, issuance (or reservation for issuance) and delivery by the Company of the Series B Preferred Shares being issued hereunder and the Ordinary Shares issuable upon conversion of such Series B Preferred Shares being issued hereunder, has been taken or will be taken prior to or on the Closing. Each Transaction Document to which each of the Founder Parties, Haode Investment, and the Group Company Parties is a party has been duly executed and delivered by each such party and constitutes valid and legally binding obligations thereof, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. Except as disclosed in Section 3.4 of the Disclosure Schedule, none of the issuance of: (a) the Subscription Shares or (b) the Conversion Shares is subject to any preemptive rights or other similar rights or limitations.

### 3.5 Valid Issuance of Series B Preferred Shares.

(i) The Series B Preferred Shares that are being subscribed by or issued to the Investors hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents. The Ordinary Shares issuable upon conversion of the Series B Preferred Shares subscribed under this Agreement, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents.

(ii) Except as disclosed in Section 3.5 of the Disclosure Schedule, all presently outstanding shares of the Company are duly and validly issued, and fully paid, and have been issued in full compliance with Applicable Laws, including to the extent applicable, the Securities Act and all other antifraud and other provisions of applicable securities laws and regulations.

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**3.6 Consents.** No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any of the Group Company Parties, the Founder Parties, or Haode Investment will be required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby is required, which has not already been secured or effected or will be secured or effected prior to the Closing.

**3.7 Offering.** The offer, sale and issuance of the Series B Preferred Shares and the Conversion Shares (when issued), as contemplated by this Agreement, is not required to comply with or is otherwise exempt from any registration and prospectus delivery and related requirements of the Securities Act and any applicable securities laws, and neither the Company nor any authorized agent acting on its behalf has taken or will take any action that would result in the Company having to comply with such requirements or cause the loss of such exemptions.

**3.8 Books and Records; Minutes.** All accounts, ledgers, material files, documents, instruments, papers, books and records relating to the business, operations, conditions (financial or other) of each Group Company, results of operations, and assets and properties of each Group Company (collectively, the **"Books and Records"**), each as demonstrated to the Investors and their representatives, are true, correct and complete in all material respects, there are no material inaccuracies or discrepancies of any kind contained or reflected therein, and they have been maintained in accordance with relevant legal requirements and industry standards, as applicable, including the maintenance of an adequate system of internal controls. The minute books of the Company, as demonstrated to the Investors and its representatives, contain complete and accurate records of all meetings of and corporate actions or written consents by the shareholders and the board of directors of such Group Company and, to the extent that such minute books are deficient, all material information not contained in such minutes has been conveyed to the Investors in other written form.

**3.9 Tax Matters.**

(i) Each Group Company (a) has timely filed all Tax (as defined below) returns, statements, reports, declarations and other forms and documents (**"Tax Returns"**) that are required to have been filed by it with any Governmental Authority, except where the failure to timely file Tax Returns would not have a Material Adverse Effect, (b) has timely paid all Taxes owed by it which are due and payable, except where the failure to pay Tax would not have a Material Adverse Effect, and (c) has correctly deducted or withheld all Tax which it has been obliged under Applicable Laws to deduct or withhold, and has properly accounted to the relevant Governmental Authority for all amounts of Tax so deducted or withheld, except where the failure to correctly deduct, withhold or properly account would not have a Material Adverse Effect. For purposes of this Agreement, the following terms have the following meanings: **"Tax"** (and, with correlative meaning, **"Taxes"** and **"Taxable"**) means any and all taxes including, without limitation, any income, alternative or add-on minimum tax, gross income, gross receipts, sales use, ad valorem, transfer, franchise, profits, value added, net worth, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any United States, Cayman Islands, British Virgin Islands, PRC, Hong Kong or other local or foreign Governmental Authority or regulatory body responsible for the imposition of any such tax (domestic or foreign) (a **"Tax Authority"**).

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete.

(iii) Since the Statement Date, no Group Company has incurred any Liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax Authority relating to any of the Tax Returns filed by any Group Company or other Tax matters, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes.

(v) No Group Company is or has ever been a PFIC or CFC. No Group Company anticipates that it will become a PFIC or CFC for the current Taxable year or any future Taxable year.

**3.10 Litigation.** Except as disclosed in Section 3.10 of the Disclosure Schedule, there is no litigation, arbitration, administrative investigation or other proceeding pending or threatened (whether or not the defense thereof or liabilities in respect thereof are covered by insurance) against or significantly affecting any Group Company, or any of its respective assets or properties, nor do any facts exist which would likely give rise to any such litigation, arbitration or proceeding, except where such litigation, arbitration or proceeding would not have a Material Adverse Effect on the Group Companies taken as a whole. There has not been any investigation, enquiry or disciplinary proceeding by any Governmental Authorities concerning any Group Company and none is pending or threatened.

### **3.11 Compliance with Applicable Laws.**

(i) Except as disclosed in Section 3.11 of the Disclosure Schedule, each Group Company, is, and at all times has been, in full compliance with all Applicable Laws in all material respects.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of any Group Company to comply with any Applicable Law, except where the failure to be in compliance would not have a Material Adverse Effect or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iii) No Group Company has received any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, possible, or potential violation of, or failure to comply with, any Applicable Law, or (b) any actual, alleged, possible, or potential obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iv) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no Group Company or any director, agent, employee or any other person acting for or on behalf of such Group Company, has directly or indirectly (a) made any contribution, gift, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, property, or services to any person (w) to obtain favorable treatment in securing business for such Group Company or any other member of the Group Company, (x) to pay for favorable treatment for business secured, (y) to obtain special concessions or for special concessions already obtained, for or in respect of such Group Company or any other Group Company, or (z) in violation of any Applicable Law, including the FCPA, or (b) established or maintained any fund or assets in which such Group Company has proprietary rights that have not been recorded in the Books and Records of such Group Company.

**3.12 Compliance with Instruments.** No Group Company is in, nor will the conduct of business of any of them as proposed to be conducted result in, any violation, breach or default of the Memorandum and Articles or any other constitutional documents (which include, as applicable, any articles of incorporation, by-laws, joint venture contracts and the like), or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon any of them. The execution, delivery and performance of any Transaction Documents, and the consummation of the transactions contemplated herein and therein, will not result in any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either (a) a default under the Memorandum and Articles or similar charter documents of any Group Company or any such contract, agreement or instrument to which any Group Company, Founder Party or Haode Investment is a party or to which the assets of any Group Company are subject, (b) an event which results in the creation of any Lien, charge or encumbrance upon any asset of any Group Company, or (c) any violation of Applicable Laws.

### **3.13 Intellectual Property Rights.**

(i) The Group Companies exclusively own all right, title and interest in and to the IP Assets, free and clear of any Liens. No Group Company or, to the knowledge of the Founder Parties, Haode Investment and Group Company Parties, none of the Group's employees, officers or directors has taken any actions or failed to take any actions that would cause any of IP Assets to be invalid, unenforceable or not subsisting. No IP Asset is the subject of any security interest, Lien, license or other contract granting rights therein to any other Person. No Group Company has (a) transferred or assigned, (b) granted a license to, or (c) provided to, any Person any IP Asset.

(ii) (a) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, (i) neither any IP Assets nor their use infringe upon or misappropriate the rights of any other Person and (ii) none of the IP Assets is infringed upon or misappropriated by any other Person; and (b) none of the Founder Parties, Haode Investment or the Group Companies has received any claim, any cease and desist or equivalent letter, any invitation to enter into a license, or any other notice of any allegation that any IP Assets or their use infringes upon, misappropriates or otherwise violates the Intellectual Property of any third parties or requires any payment to another Person.

(iii) Any registrations with and applications to Governmental Authorities in respect of any IP Assets required by Applicable Laws have been made, are valid and in full force and effect.

(iv) The Founder Parties, Haode Investment and the Group Companies have taken all necessary steps to protect and preserve the secrecy, confidentiality and value of the IP Assets and any related trade secrets and know-how.

**3.14 Compliance with the Employment Agreement.** Each of the Founders and Key Employees has entered into customary employment agreement, non-competition agreement, confidentiality agreement and assignment of inventions agreement with one of the Group Companies in the forms satisfactory to the Investors. The terms of such agreements are binding on and enforceable against the Founders and the Key Employees under Applicable Laws. None of the Group Companies, the Founders and the Key Employees is or has been in violation of such agreement. Each Group Company has not given any notice of termination to or received any notice of resignation from any Founder or any Key Employee.

### **3.15 Compliance with the FCPA.**

(i) The Founder Parties, Haode Investment and the Group Companies have been and are in full compliance with the FCPA in all respects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Founder Parties, Haode Investment and the Group Companies of, or a failure on the part of any of the Founder Parties, Haode Investment and the Group Companies to comply with, the FCPA.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, all the officers, directors, employees, agents and representatives of the Company (collectively, the “**Company Personnel**”) have been and are in full compliance with the FCPA in all respects. To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Company Personnel of, or a failure on the part of any of the Company Personnel to comply with, the FCPA.

**3.16 Financial Statements.** The Company has allowed each Investor to review the unaudited financial statements (including balance sheets, income statements and statements of cash flow) of the Company for the period from its inception ended as of September 30, 2018 (the “**Statement Date**”) (collectively, the “**Financial Statements**”). The Financial Statements (a) have been prepared on a consolidated basis in accordance with the books and records of the Group Companies, (b) fairly present the financial condition and position of the Group Companies as of the dates indicated therein and the results of operations and cash flows of the Group Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto, and (c) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applied on a consistent basis throughout the periods involved. The Group’s accounting records are accurate, up-to-date, in its possession and properly completed in accordance with the applicable accounting standards and Applicable Laws.

**3.17 Liabilities.** Except as disclosed in Section 3.17 of the Disclosure Schedule, no Group Company has any Liabilities of the type required to be disclosed on the Financial Statements except for (i) liabilities set forth in the Financial Statements that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices and which do not exceed RMB 5,000,000 in the aggregate. None of the Group Companies is a guarantor or indemnitor or has provided security to secure any Liabilities of any other Person (other than a Group Company).

**3.18 Title.**

(i) Except as disclosed in Section 3.18 of the Disclosure Schedule, the Group Companies have good and valid title to, or a valid leasehold interest in, all of their assets, whether real, personal or mixed, purported to be owned by them, free and clear of any Liens. The foregoing assets collectively represent in all material respects all assets, rights and properties necessary for the effective conduct of the business of the Group as currently conducted and as proposed to be conducted by the Group. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford such Group Company valid leasehold possession of the real or personal property that is the subject of the lease.

(ii) All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

**3.19 Labor Matters.** There is no, and there has not been during the past one (1) year, any dispute relating to the violation or alleged violation of any Applicable Law by any Group Company pertaining to labour relations or employment matters that may have a Material Adverse Effect on any Group Company, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company. Each Group Company is in compliance with the Applicable Laws relating to its provision of any form of social insurance and housing fund (the “**Social Insurance**”), and has fully and timely paid all Social Insurance contributions required under the Applicable Laws for all of employees, except where the failure to be in compliance would not have a Material Adverse Effect and as disclosed in Section 3.19 of the Disclosure Schedule.

**3.20 Changes Since the Statement Date.** Since the Statement Date:

- (i) each Group Company's business has been operated in the ordinary course as a going concern;
- (ii) there has been no Material Adverse Effect to any Group Company or the Group taken as a whole;
- (iii) no material change has occurred in the assets and liabilities shown in the Financial Statements except for those occurred in the ordinary course of business of the Group; and
- (iv) no Group Company has declared, paid or made a dividend or distribution except as provided in the Financial Statements.

**3.21 Agreements.** To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no fact or circumstance exists which might invalidate or give rise to a ground for termination of any material agreement, arrangement or obligation to which any Group Company is a party. No party with whom any Group Company has entered into any material agreement, arrangement or obligation has given notice of its intention to terminate such agreement, arrangement or obligation. Neither a Group Company nor any party with whom any Group Company has entered into any agreement, arrangement or obligation is in material breach of such agreement, arrangement or obligation. No Group Company is a party to, or is liable under, a long term, onerous or unusual agreement, arrangement or obligation including, without limitation an agreement, arrangement or obligation:

- (i) entered into other than in the ordinary course of its business; or
- (ii) restricting any Group Company's freedom to operate the whole or part of its business or to use any of its assets.

**3.22 Real Property.** None of the Group Companies owns any real property.

**3.23 Foreign Exchange.** The Founder Parties, Haode Investment, the Angel Investor Parties and any PRC domestic resident who has any beneficial interest in the Company, Haode Investment or Angel Investor Parties or any offshore holding company which holds any beneficial interest in the Company has obtained all necessary approvals from and made all necessary filings and registrations with all Governmental Authorities in connection with the establishment or control of the Company or the relevant holding company (as the case may be). No other approvals are required to be obtained from and no other filings or registrations are required to be made with SAFE to enable any Group Company in the PRC to remit dividends or other forms of profits outside of the PRC to the Company in a freely convertible foreign currency.

**3.24 Related Party Agreements.** Except as disclosed in Section 3.24 of the Disclosure Schedule, there has not been any agreement or arrangement (legally enforceable or not) with an amount over RMB 5,000,000 between, on the one hand, any Group Company and, on the other hand, (a) any Founder Party, Haode Investment or Angel Investor Party, (b) any of the respective Affiliates of the Persons referred to in the foregoing clause (a), (c) any shareholder, director or manager of any Group Company, any Founder Party, Haode Investment, any Angel Investor Party or any of their Affiliates, or (d) any Person connected with any of the Persons referred to in the foregoing clauses (a) to (c) (including immediate family members).

**3.25 Bankruptcy, Insolvency and Winding Up.** No proceedings have commenced or are pending for the bankruptcy, insolvency, winding up, liquidation or reorganisation of any Group Company. No Group Company is bankrupt or insolvent. Each Group Company is able to pay its debts as they fall due and has sufficient assets to repay all of its debts.

**3.26 Full Disclosure.** The Founder Parties, Haode Investment and the Company have provided the Investors with all the information that the Investors have requested for deciding whether to consummate the transactions contemplated under this Agreement. None of the Transaction Documents or any other statements or certificates or other materials made or delivered, or to be made or delivered, to the Investors in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. No representation or warranty by the Founder Parties, Haode Investment or the Group Company Parties in this Agreement and no information or materials provided to the Investors in connection with their due diligence investigation of any Group Company or the negotiation and execution of the Transaction Documents, taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances in which they are made, not misleading.

#### **4. Representations and Warranties of the Investors.**

Each Investor, severally but not jointly, hereby represents and warrants to the Company that each of the following statements is true, complete and accurate with respect to itself only, as the date of this Agreement and as of the Closing:

**4.1 Organization; Good Standing; Qualifications.** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. It has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted and is duly qualified to transact business in each jurisdiction in which it operates business and where the failure to so qualify would have a Material Adverse Effect.

**4.2 Authorization.** It has all requisite power and authority to execute and deliver each Transaction Document to which it is a party and to carry out and perform its obligations thereunder. All actions on its part and its officers, directors and shareholders necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all its obligations thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document to which it is a party has been duly executed and delivered by it, and constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**4.3 Legal Funds.** The Subscription Price paid by such Investor shall be funds legally available to it under Applicable Laws.

**5. Conditions of the Investors' Obligation at the Closing.** The obligations of each Investor to complete the Closing are subject to the fulfillment of each of the following conditions, unless waived in writing by such Investor prior to the Closing:

**5.1 Representations and Warranties.** The representations and warranties of the Group Company Parties, Haode Investment and the Founder Parties contained in Section 3 which are qualified as to materiality shall be true, correct and complete, and each such representation and warranty that is not so qualified shall be true, correct and complete in all material respects, in each case on the date hereof and on the Closing Date as if made on and as of the Closing Date (except for such representations and warranties expressly stated herein to be made as of a specific date, which shall be true, correct and complete or true, correct and complete in all material respects (as the case may be) as of such date).

**5.2 Performance.** Each of the Parties other than the Investors shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**5.3 Qualifications.** Each of Parties hereto other than the Investors shall have obtained all authorizations, approvals, waivers or permits of any competent Governmental Authority or regulatory body that are required for the consummation of all of the transactions contemplated by the Transaction Documents, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body or any relevant third party, and (ii) the waiver by the existing shareholders of the Company of any pre-emptive rights and all similar rights in connection with the issuance of the Subscription Shares at the Closing.

**5.4 Due Diligence.** Such Investor shall have completed its business, legal, financial due diligence investigation of the Group Companies to its satisfaction.

**5.5 Legal Opinions.** Such Investor shall have received from the Company opinions of the PRC legal counsel of the Group Companies dated as of the Closing Date in the form attached as Exhibit E.

**5.6 No Material Adverse Effect.** There shall not have occurred prior to the Closing any event or transaction reasonably likely to result in a Material Adverse Effect.

**5.7 Investors' Rights Agreement.** The Group Company Parties, the Founder Parties, Haode Investment, the Angel Investor Parties and the Series A Investors shall have duly executed and delivered to such Investor the Investors' Rights Agreement in the form attached as Exhibit C.

**5.8 Director Indemnification Agreement.** The Company shall have duly executed and delivered to Joy Capital the Director Indemnification Agreement in the form attached as Exhibit D.

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**6. Conditions of the Company's and Founder Parties' Obligations at the Closing.** The obligations of the Company and Founder Parties with respect to any Investor under this Agreement at the Closing are subject to the fulfillment or the Company's written waiver prior to the Closing of each of the following conditions:

**6.1 Representations and Warranties.** The representations and warranties of such Investor contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

**6.2 Performance.** Such Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**6.3 Investors' Rights Agreement.** Such Investor shall have duly executed and delivered to the Company the Investors' Rights Agreement in the form attached as Exhibit C.

**6.4 Waiver of Conditions.**

(i) At any time on or before the Closing Date, an Investor may waive a condition set out in Section 5, with respect to itself only, by notice to the Company and the Founder Parties on any terms such Investor decides.

(ii) At any time on or before the Closing Date, the Company may waive a condition set out in Section 6 with respect to an Investor by notice to such Investor on any terms it decides.

**7. Covenants.**

**7.1 Responsibility for Satisfaction of Conditions.** The Group Company Parties, Haode Investment and the Founder Parties shall make all reasonable efforts to achieve satisfaction of each condition set out in Section 5 as soon as possible and in any event not later than the Closing Date. From the date hereof, the Group Company Parties, Haode Investment and the Founder Parties shall timely inform the Investors of and discuss with the Investors the status of the Group Company Parties', Haode Investment's and the Founder Parties' progress in fulfilling the closing conditions set forth in Section 5. If, at any time, any Group Company Party, Haode Investment, or Founder Party becomes aware of the satisfaction of any condition that it is responsible for the satisfaction or becomes aware of any fact or circumstance that might prevent any condition from being satisfied, it shall immediately inform the other Parties in writing.

**7.2 Further Assurances.** Each of the Group Company Parties, Haode Investment, and the Founder Parties agrees to from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Investors may reasonably request for the purpose of effectively carrying out the transactions contemplated by the Transaction Documents. This covenant shall survive the Closing.

**7.3 Pre-Closing Undertakings.** Between the date of this Agreement and the Closing Date, each of the Group Company Parties, Haode Investment, and the Founder Parties jointly and severally undertakes to the Investors to procure that each Group Company shall operate its business in the

ordinary course so as to maintain that business as a going concern, and not to take actions or engage in or commit to transactions that are extraordinary in nature or would reasonably be expected to negatively impact the interest of a potential investor at or after the Closing.

**7.4 Use of Funds.** The proceeds received by the Company under this Agreement shall be used for the Group's ordinary course of business and the satisfaction of the related capital expenditure and cash flow requirements.

**7.5 Post-Closing Undertaking of the Group Company Parties, Haode Investment and the Founder Parties.** Each of the Group Company Parties, Haode Investment and the Founder Parties jointly and severally undertakes to the Investors that, such Party shall complete or cause relevant Persons to complete the following matters, within the timelines stated in this Section 7.5:

(i) as soon as practicable after the Closing and no later than two (2) months following the Closing, the Founders, Beijing WFOE and the VIE Entity shall, and each of the Group Company Parties, Haode Investment and the Founder Parties shall cause all of the relevant parties to complete the registration of the pledge created under the Control Documents with competent administration for industry and commerce and provide reasonable evidence thereof to the Investors;

(ii) as soon as practicable after the Closing and no later than six (6) months following the Closing, the VIE Entity shall obtain the ICP License with scope and terms applicable to the current and prospective business operations of the VIE Entity and satisfactory to Investors;

(iii) as soon as practicable after the Closing, each of the Group Companies (including branches thereof) shall obtain necessary permits and licenses necessary for the effective operation of its business, except that with respect to (a) the business license and (b) the food operation permit of a Group Company, a Party shall not be deemed to have breached this covenant as long as such Group Company uses its good faith and makes its reasonable efforts to obtain such license and permit in due course;

(iv) as soon as practicable after the Closing, the Group Companies shall use their best efforts to obtain the essential PRC trademarks that are necessary for the effective operation of its business;

(v) as soon as possible after the date hereof, the Founder Parties, Haode Investment and the Group Company Parties shall procure Primus Investments Funds L.P. to pay the purchase price in the amount of about US\$17.5 million to the Company and provide evidence thereof to the Investors; and

(vi) as soon as practicable after the Closing, (a) with respect to the lease entered into by the Beijing WFOE for the property located in Hangzhou Hai Lan International Competition Center (海兰国际国际竞争中心), the Beijing WFOE shall obtain the consent from the landlord to ratify the Beijing WFOE's assignment of the lease to Hangzhou Luckin Coffee Co., Ltd. (杭州 Luckin Coffee Co., Ltd.); and (b) with respect to the lease entered into by Shenzhen Luckin Coffee Co., Ltd. (深圳 Luckin Coffee Co., Ltd.) ("**Luckin Shenzhen**") for the property located at 4/F1., No.7 Building, New Materials Harbor, Chang Yuan, Gao Xin Zhong Yi Road, Nanshan District, Shenzhen (深圳南山区高新中一7路新材料港新昌源4/F1.), Luckin Shenzhen shall amend the lease to permit its use of this property as cafe.

**7.6 Post-Closing Undertaking of the Investors.** Each Investor hereby agrees that after the Closing, it shall from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Company may reasonably request for the purpose of effectively carrying out the transactions contemplated by and in accordance with the Xizang Trust Cooperation Memorandum (as defined in the in the Disclosure Schedule), and the Investors shall not exercise their Pre-emption Rights (as defined in the Investors' Rights Agreement), anti-dilution rights under the Investors' Rights Agreement or any other rights to restrict Xizang Trust (as defined in the Disclosure Schedule) or its Affiliates from making equity investment in the Company as contemplated by and in accordance with the terms of the Xizang Trust Cooperation Memorandum.

## **8. Confidentiality.**

**8.1 Disclosure of Terms.** The terms and conditions of this Agreement, all exhibits and schedules attached hereto and the transactions contemplated hereby (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any Party to any third party without the prior written consent of all other Parties except in accordance with the provisions set forth below.

**8.2 Permitted Disclosures.** Notwithstanding the foregoing, each of the Company and the Investors may disclose any of the Financing Terms to its general partners, limited partners, fund manager(s) and Affiliates and the current directors, employees, accountants and attorneys of the aforementioned parties, in each case only on an as-needed basis and where such Persons are under appropriate non-disclosure obligations.

**8.3 Legally Compelled Disclosure.** In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement or content of any of the Financing Terms in contravention of the provisions of this Section 8, such Party (the "**Disclosing Party**") shall, unless prohibited by law, provide the other Parties with prompt written notice of that fact and shall consult with the other Parties regarding such disclosure. The Disclosing Party shall, to the extent possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

**8.4 Other Exceptions.** Notwithstanding any other provision of this Section 8, the confidentiality obligations of the Parties shall not apply to: (a) information which a restricted Party learns from a third party having the right to make the disclosure, provided the restricted Party complies with any restrictions imposed by the third party; (b) information which is in the restricted Party's possession prior to the time of disclosure by the protected Party and not acquired by the restricted Party under a confidentiality obligation; (c) information which enters the public domain without breach of confidentiality by the restricted Party, or (d) in the case of an Investor, information required to be disclosed under securities laws or the rules of any stock exchange applicable to such Investor.

## 8.5 Press Releases.

(i) None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that no Group Company shall, issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Investors. None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that none of the Group Companies shall, issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of an Investor or any of its Affiliates without obtaining in each instance the prior written consent of such Investor.

(ii) No Investor shall issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Company. No Investor shall issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Group Company Parties, Haode Investment, and the Founder Parties, or any of its respective Affiliates without obtaining in each instance the prior written consent of the Company.

## 8.6 Effectiveness.

(i) Subject to Section 8.6(ii), the provisions of this Section 8 shall survive the termination of this Agreement and shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the Parties with respect to the transactions contemplated hereby.

(ii) Sections 8.1 to 8.3 shall be terminated with respect to a Party upon its execution of the Investors' Rights Agreement and superseded by the confidentiality obligations set out therein in Section 18 of the Investors' Rights Agreement.

## 9. Indemnification.

**9.1 General.** Without prejudice to any other right or remedy available, the Founder Parties, Haode Investment and the Group Company Parties (each, an "**Indemnifying Party**") shall jointly and severally indemnify on an after Tax basis and hold the Investors, their Affiliates and their respective representatives, together with their respective successors and permitted assigns (each, an "**Indemnified Party**"), harmless from and against any and all Indemnifiable Loss resulting from, arising out of or relating to: (i) any breach of any representation or warranty of any Indemnifying Party contained in any Transaction Document (without regard to the materiality qualifiers contained therein), (ii) the nonperformance, partial or total, of any covenant of any Indemnifying Party contained in any Transaction Document, (iii) any failure by the VIE Entity to obtain or maintain the ICP License and (iv) the failure to execute and effect any Control Document pursuant to Section 7.5 or any breach or non-compliance with any Control Document by any party thereto.

**9.2 Notice of Claims.** If an Indemnified Party makes any claim or demand against an Indemnifying Party for indemnification, the claim or demand shall be in writing and shall state in general terms the facts upon which the Indemnified Party makes the claim or demand. If such notice is not given, it will not release any Indemnifying Party, in whole or in part, from its obligations under this Section 9, except to the extent that such Indemnifying Party's ability to defend against claim or demand is materially and actually prejudiced thereby.

**9.3 Survival.** The Fundamental Representations of the Founder Parties, Haode Investment and the Group Company Parties contained in the Transaction Documents shall survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties hereto contained in this Agreement or in any certificate delivered pursuant hereto or in connection herewith shall survive the Closing indefinitely or for the shorter period explicitly specified therein, *provided* that for such covenants and agreements that survive for such shorter period, claims for breaches thereof shall survive indefinitely or until the latest date permitted by Law. Notwithstanding the foregoing, if notice of any claim or demand for indemnification shall have been given, such claim or demand shall survive the time at which it would otherwise terminate.

**10. Miscellaneous.**

**10.1 Investor's Knowledge not a Defense.** Nothing disclosed by the Group Company Parties, Haode Investment or the Founder Parties to the Investors other than in the Disclosure Schedule shall constitute disclosure for the purposes of this Agreement. No other knowledge of an Investor or its advisers relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by such Investor for breach of Section 3 (Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties). The Group Company Parties, Haode Investment and the Founder Parties shall not invoke the knowledge of an Investor or its advisers (actual, constructive or imputed) of a fact or circumstance which might make any statement in Section 3 untrue or inaccurate as a defense to a claim for breach of Section 3.

**10.2 Termination.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned at any time prior to Closing:

(i) by mutual agreement;

(ii) upon written notice from an Investor with respect to itself only, in the event of a material breach of any Transaction Document by any of the Founder Parties, Haode Investment or Group Company Parties if such breach has not been cured within fifteen (15) Business Days following notification thereof; or

(iii) with respect to the agreements between an Investor and the Company, upon written notice from the Company with respect to such Investor only, in the event of a material breach of any Transaction Document by such Investor if such breach has not been cured within fifteen (15) Business Days following notification thereof.

If this Agreement is terminated pursuant to this Section 10.2, all further obligations of the relevant Parties under this Agreement shall terminate, except for those obligations which are intended, expressly or implicitly, to survive the termination of this Agreement, provided, however, that no such termination of this Agreement shall relieve any Party of any liability for breaches of this Agreement occurring prior to the date of termination.

**10.3 Assignments and Transfers; Third Party Beneficiaries.** This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, permitted assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Investor hereunder shall be assignable (i) to an Affiliate of such Investor, or (ii) to any other assignee or transferee to whom such Investor transfers Equity Securities, provided that such transferee agrees in writing to be bound by the terms of this Agreement by signing and delivering a Joinder Agreement in the form as set forth in Exhibit F (the “**Joinder Agreement**”). The Parties confirm and acknowledge that, (i) prior to the Closing, Investor E will assign and transfer all of its rights, benefits and obligations of and in this Agreement to its Affiliate and such Affiliate of Investor E will sign and deliver a Joinder Agreement assuming all such rights, benefits and obligations of such Investor under this Agreement; (ii) after Investor E’s Affiliate signs and delivers a Joinder Agreement, such Affiliate of Investor E shall be recognized as a Party to this Agreement and the Transaction Documents, where applicable. This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. For the avoidance of doubt, the terms of this Agreement are not intended to be enforceable by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by any person who is not a Party to this Agreement.

**10.4 Governing Law.** This Agreement shall be governed by and construed under the laws of Hong Kong without regard to principles of conflicts of law thereunder.

**10.5 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10.6 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not be considered in construing or interpreting this Agreement.

**10.7 Notices.** Any and all notices required or permitted under this Agreement shall be given in writing in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the date of transmission with receipt of a transmittal confirmation, (c) if transmitted by email, on the date of transmission, or (d) if by international courier service, on the fourth (4<sup>th</sup>) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. Any notice given pursuant to this Section 10.7 shall be addressed to the address, facsimile number or email address of the receiving Party as set forth on Schedule III of this Agreement or at such other addresses as such Party may designate by ten (10) days advance written notice to the other Parties hereto.

**10.8 Amendments and Waivers.** Except as otherwise provided in Section 6.4, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written instrument signed by the Company, the Investors and the Founder Parties.

**10.9 Severability.** If one or more provisions of this Agreement are held to be unenforceable under any Applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**10.10 Remedies Not Exclusive.** Each Party's rights and remedies contained in this Agreement are cumulative and not exclusive of other rights or remedies provided by law.

**10.11 Entire Agreement.** This Agreement, the other Transaction Documents and the documents referred to herein and therein, together with all schedules and exhibits hereto and thereto, constitute the entire agreement among the Parties and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

**10.12 Tax and Expenses.**

(i) Subject to Section 10.12(ii) below, the Company shall pay all of its own costs, expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents, and each Investor shall pay all of its own extra costs and expenses to the extent the total Expenses by all the Investors exceed US\$ 100,000, and each Investor shall bear its own Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents.

(ii) If the Closing occurs, the Company shall reimburse all legal, financial, professional and other third-party fees, costs and expenses incurred by the Investors in connection with the conduct of its industry, legal and financial due diligence and its negotiation, preparation, execution and completion of this Agreement and any other Transaction Documents hereunder and thereunder (the "**Expenses**"), in proportion to the Investors' respective amounts of the Subscription Price, provided however that, the maximum reimbursement of the Expenses to all of the Investors shall not exceed US\$ 100,000.

**10.13 Dispute Resolution.** Any dispute, controversy or difference between the Parties arising out of, in connection with or relating to, this Agreement (a “**Dispute**”) shall be resolved through arbitration pursuant to this Section 10.13. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the “**HKIAC**”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIAC Rules**”) in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the “**Claimant**”) and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the “**Respondent**”) shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 10.13 including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.13 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the Parties to the arbitration strictly in accordance with the substantive law of the Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney’s fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing Parties, and any Party may apply to a court of competent jurisdiction for enforcement of such award. A Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Inc.

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Investment Inc.

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee (Hong Kong) Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Co., Ltd.  
北京 Luckin Coffee 有限公司

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Beijing Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China Luckin Coffee Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of China Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Tianjin Luckin Coffee Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Legal Representative  
Company Seal:  
/s/ Seal of Tianjin Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Pingtian Luckin Coffee E-Commerce Co., Ltd.  
□□□□□□□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Pingtian Luckin Coffee E-Commerce Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Technology Co., Ltd.  
北京 Luckin Coffee 科技有限公司

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Company Seal

/s/ Seal of Beijing Luckin Coffee Technology Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Zhiya Qian

Signature: /s/ Zhiya Qian  
Zhiya Qian

Summer Fame Limited  
/s/ Seal of Summer Fame Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Min Chen

Signature: /s/ Min Chen  
Min Chen

May Bliss Limited

By: /s/ Min Chen  
Name: Min Chen  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Haode Investment Inc.

By: /s/ GUO, Lichun  
Name: GUO, Lichun  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Capital II, L.P.

By: Joy Capital II GP, L.P.  
its general partner

By: Joy Capital GP, Ltd.  
its general partner

By: /s/ Erhai Liu  
Name: Erhai Liu  
Title: Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Honour Ample Limited

By: /s/ Erhai Liu

Name: Erhai Liu

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Luck Management Limited

By: /s/ Erhai Liu

Name: Erhai Liu

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Fortunate Cup Holdings Limited

By: /s/ David Li

Name: David Li

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China International Capital Corporation (Hong Kong) Limited  
/s/ Seal of China International Capital Corporation (Hong Kong) Limited

By: /s/ Barry Chan  
Name: Barry Chan  
Title: Managing Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Carob Investment Pte Ltd

By: /s/ Suresh Bala

Name: Suresh Bala

Title: Director

Signature Page

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**ADDITIONAL SERIES B PREFERRED SHARE PURCHASE AGREEMENT**

THIS ADDITIONAL SERIES B PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of January 9, 2019 (the “**Effective Date**”), by and among:

1. Luckin Coffee Inc., an exempted company organized under the laws of the Cayman Islands with its company number of [ ] (the “**Company**”);
2. Luckin Coffee Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**BVI Company**”);
3. Luckin Coffee (Hong Kong) Limited (██████████████████), a company incorporated under the laws of Hong Kong, with its company number of [ ] (the “**HK Company**”);
4. Beijing Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Beijing WFOE**”);
5. China Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Xiamen WFOE**”);
6. Tianjin Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Tianjin WFOE**”);
7. Pingtan Luckin Coffee E-Commerce Co., Ltd. (██████████████████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Pingtan WFOE**”);
8. Beijing Luckin Coffee Technology Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**VIE Entity**”, and together with the Company, the BVI Company, the HK Company, the Beijing WFOE, the Xiamen WFOE, the Tianjin WFOE and the Pingtan WFOE, the “**Group Company Parties**”);
9. Zhiya Qian (████), a citizen of the PRC with identification number of [ ] (the “**Founder A**”);
10. Summer Fame Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder A Holdco**”);

11. Min Chen (陈敏), a citizen of the PRC with identification number of [ ] (the “**Founder B**”, together with Founder A, collectively the “**Founders**” and each, a “**Founder**”);
12. May Bliss Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder B Holdco**”, together with Founder A, Founder A Holdco and Founder B, collectively, the “**Founder Parties**”, and each, a “**Founder Party**”);
13. Haode Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Haode Investment**”);and
14. Galaxy Shine Limited, a company incorporated and existing under the laws of Hong Kong with its company number of [ ] (“**Investor**”).

The Group Company Parties, the Founder Parties, Haode Investment and the Investor are referred to collectively herein as the “**Parties**”, and each individually as a “**Party**”.

#### **RECITALS**

- A. The Company was incorporated under the laws of the Cayman Islands on June 16th, 2017 with its registered address at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- B. The Company proposes to issue and sell certain number of Additional Series B Preferred Shares to the Investor pursuant to the terms and subject to the conditions of this Agreement.
- C. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

#### **WITNESSETH**

THE PARTIES HEREBY AGREE AS FOLLOWS:

#### **1. Definitions and Interpretation.**

##### **1.1** Definitions.

“**Additional Series B Preferred Shares**” means the Series B Preferred Shares to be issued to the Investor pursuant to the terms and subject to the conditions of this Agreement at Closing Date.

“**Affiliate**” means, with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person.

“**Angel Shares**” means the Angel-1 Shares and Angel-2 Shares, collectively.

“**Angel-1 Shares**” means the Company’s angel-1 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel-2 Shares**” means the Company’s angel-2 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel Investor Party**” or “**Angel Investor Parties**” means the holder(s) of Angel Shares.

“**Applicable Laws**” means, with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or a day that the banks in the PRC, Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Closing Date**” means the date of the Closing.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Control**” of a given Person means the power of authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person or power to appoint a majority of the members of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Control Documents**” means the documents entered into between the VIE Entity, its shareholders and certain other Group Companies, which shall grant the Beijing WFOE with effective Control over 100% economic interest in the VIE Entity, including (a) the Master Exclusive Service Agreement entered into by the Beijing WFOE and the VIE Entity dated as of July 20, 2018, (b) the Business Cooperation Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (c) the Confirmation and Guarantee Letters respectively issued by the shareholders of the VIE Entity, dated as of July 20, 2018 or September 20, 2018, as applicable, (d) the Spousal Consents respectively issued by the spouse of certain shareholders of the VIE Entity dated as of July 20, 2018 or September 20, 2018, as applicable, (e) the Exclusive Option Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (f) the Proxy Agreement and Power of Attorney entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, and (g) the Share Pledge Agreement entered into by the Beijing WFOE and the Founders dated as of September 20, 2018, each as amended from time to time.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of the Preferred Shares, as applicable.

“**Current Series B Investor(s)**” means the holder(s) of the Current Series B Preferred Shares.

“**Current Series B Preferred Shares**” means the Series B Preferred Shares which have been issued pursuant to the Series B Preferred Share Purchase Agreement dated November 2, 2018.

“**Equity Securities**” means any Ordinary Shares and Ordinary Share Equivalents.

“**FCPA**” means the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended.

“**Fundamental Representations**” means those representations and warranties of the Group Company Parties, Haode Investment and Founder Parties set forth in Sections 3.1 (Organization; Good Standing; Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Group Structure), 3.4 (Authorization), 3.5 (Valid Issuance of Additional Series B Preferred Shares), 3.6 (Consents) and 3.7 (Offering).

“**Governmental Authority**” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision and their respective local and provincial branches or departments.

“**Group**” means the Group Companies collectively.

“**Group Company**” means the Company and its Subsidiaries from time to time (Part A of the Schedule I sets forth all of the Company’s Subsidiaries as of the date of this Agreement) and collectively, the “**Group Companies**”.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**Indemnifiable Loss**” means, with respect to any Person, any action, claim, dispute, proceeding, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, Taxes, settlement or judgment of any kind or nature imposed on or otherwise incurred or suffered by such Person.

“**Intellectual Property**” means any and all (i) works, registered and unregistered copyrights, copyright registrations and applications, moral rights and attribution rights, (ii) know-how, trade secrets, customer lists, patents and patent applications, (iii) processes and procedures, software, firmware, programs and source disks, source codes, designs, composition services, research records, records of invention and test information, (iv) trade names, trade dress, trademarks, and service marks, and registrations and applications therefor, as well as all goodwill associated with and symbolized thereby, (v) internet uniform resource locators, domain names, data, databases and data collections and all rights therein, and (vi) rights of privacy and publicity and rights to personal information.

“**Investors’ Rights Agreement**” means the Second Amended and Restated Investors’ Rights Agreement to be entered into by and among the Group Company Parties, Haode Investment, the Founder Parties, the Angel Investor Parties, the Series A Investors, the Current Series B Investors and the Investor in the form attached hereto as Exhibit C.

“**IP Assets**” means all Intellectual Property owned or used by or purported to be owned or used by the Group Companies.

“**Key Employees**” means the employees listed in Schedule IV.

“**Lien**” means a mortgage, lien, security interest, pledge, encumbrance or any option (whether consensual, statutory or otherwise) or other contract to enter into any of the foregoing or any power of attorney in respect of any of the foregoing, or third party rights of any kind.

“**Material Adverse Effect**” means any change, event or effect that (i) is or would reasonably be expected to be materially adverse to the business, assets, financial condition or results of operations or prospects of any Group Company individually or the Group Companies taken together as a whole or (ii) is or would materially impair the validity or enforceability of this Agreement against any Group Company or (iii) is or would be reasonably expected to materially and adversely affect any Group Company’s ability to perform their obligations under this Agreement, any other Transaction Document or the transactions contemplated hereunder or thereunder.

“**Memorandum and Articles**” means the Third Amended and Restated Memorandum and Articles of the Company, in the form attached hereto as Exhibit A, as may be amended from time to time.

“**Ordinary Share Equivalents**” means securities exercisable or convertible into Ordinary Shares, including without limitation the Preferred Shares.

“**Ordinary Shares**” means the Company’s ordinary shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Person**” means any individual, corporation, partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.

“**PFIC**” means a passive foreign investment company as defined in the Code.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the islands of Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares and Series B Preferred Shares.

“**RMB**” means the legal currency of the PRC.

“**SAFE**” means the State Administration of Foreign Exchange or its competent local counterpart.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles.

“**Series A Investor(s)**” means the holder(s) of Series A Preferred Shares.

“**Series B Preferred Shares**” means the Company’s series B preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles, including the Additional Series B Preferred Shares and the Current Series B Preferred Shares.

“**Subsidiary**” means, with respect to any Person (other than a natural person), any other Person directly or indirectly Controlled by such first-mentioned Person.

“**Transaction Documents**” means, collectively, this Agreement, the Investors’ Rights Agreement, the Memorandum and Articles and any other document or agreement in connection with the transactions contemplated herein or therein.

“**United States**” means the United States of America.

“**US\$**” means the legal currency of the United States of America.

**1.2 Terms Defined Elsewhere in this Agreement.** The following terms are defined in this Agreement as follows:

<b>“Agreement”</b>	Preamble
<b>“Angel Round Financing Amount”</b>	Section 3.5 of the Disclosure Schedule
<b>“Beijing WFOE”</b>	Preamble
<b>“Books and Records”</b>	Section 3.8
<b>“BVI Company”</b>	Preamble
<b>“Claimant”</b>	Section 10.13
<b>“Closing”</b>	Section 2.3
<b>“Closing Date”</b>	Section 2.3
<b>“Company”</b>	Preamble
<b>“Company Personnel”</b>	Section 3.15(ii)
<b>“Disclosing Party”</b>	Section 8.3
<b>“Disclosure Schedule”</b>	Section 3
<b>“Dispute”</b>	Section 10.13
<b>“Effective Date”</b>	Preamble
<b>“Expenses”</b>	Section 10.12
<b>“Financing Terms”</b>	Section 8.1
<b>“Founder”</b>	Preamble
<b>“Founder Parties”</b>	Preamble
<b>“Financial Statements”</b>	Section 3.16
<b>“Group Company Parties”</b>	Preamble
<b>“Haode Investment”</b>	Preamble
<b>“HK Company”</b>	Preamble
<b>“HKIAC”</b>	Section 10.13
<b>“HKIAC Rules”</b>	Section 10.13
<b>“IFRS”</b>	Section 3.16
<b>“Indemnified Party”</b>	Section 9.1
<b>“Indemnifying Party”</b>	Section 9.1
<b>“Investor”</b>	Preamble
<b>“Joinder Agreement”</b>	Section 10.3
<b>“Luckin Shenzhen”</b>	Section 7.5
<b>“Party” or “Parties”</b>	Preamble
<b>“Permit”</b>	Section 3.1
<b>“Pingtan WFOE”</b>	Preamble
<b>“Respondent”</b>	Section 10.13
<b>“Tianjin WFOE”</b>	Preamble
<b>“Social Insurance”</b>	Section 3.19
<b>“Statement Date”</b>	Section 3.16
<b>“Subscription Price”</b>	Section 2.1
<b>“Subscription Shares”</b>	Section 2.1
<b>“Tax”, “Taxes” and “Taxable”</b>	Section 3.9
<b>“Tax Authority”</b>	Section 3.9
<b>“Tax Returns”</b>	Section 3.9
<b>“VIE Entity”</b>	Preamble
<b>“Xiamen WFOE”</b>	Preamble
<b>“Xizang Trust”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Cooperation Memorandum”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Issue Price”</b>	Section 3.2 of the Disclosure Schedule

### 1.3 Interpretation

- (i) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (ii) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (iii) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (iv) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (v) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (vi) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (vii) Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day.
- (viii) Writing. References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.
- (ix) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any language other than English, the English language text shall prevail.
- (x) Reference to Parties. A reference to a Party, unless the context otherwise requires, includes a reference to that Party’s legal personal representatives, successors and permitted assigns.
- (xi) Knowledge. A reference to “the knowledge of the Founder Parties, Haode Investment and Group Company Parties” includes, without limitation, the knowledge, information and belief of any of the Founder Parties, Haode Investment, the Group Companies and the directors and senior management personnel of each Group Company, and is deemed to include the knowledge, information and belief which any of such persons would have if he/she/it had made all reasonable enquiries.

## 2. Subscription and Issuance of Shares

**2.1 Issuance of Subscription Shares.** Subject to the terms and conditions of this Agreement, the Investor hereby agrees to subscribe at the Closing and the Company hereby agrees to allot and issue to the Investor at the Closing, such number of Additional Series B Preferred Shares as set forth opposite the name of the Investor in Schedule II (the “**Subscription Shares**”) at the per share price of US\$ 734.37. The purchase price payable by the Investor (the “**Subscription Price**”) is as set forth opposite the name of the Investor in Schedule II. The Subscription Shares, when issued at the Closing, will comprise such percentage of the Company’s allotted and issued share capital on a fully-diluted and as converted basis as set forth opposite the name of the Investor in Schedule II. Schedule V sets forth the capitalization table of the Company immediately before the Closing, and Schedule VI sets forth the capitalization table of the Company immediately after the Closing.

**2.2 Payment of Subscription Price.** The Subscription Price shall be paid in available US\$ by the Investor to the bank account as designated by the Company on the date of the Closing, unless otherwise agreed by the Company and the Investor.

**2.3 Closing.** The consummation of the subscription and issuance of all the Subscription Shares pursuant to Section 2.1 (the “**Closing**”) shall take place remotely via the exchange of documents and signatures on January 9, 2019 (the “**Closing Date**”).

### 2.4 Closing Deliveries

At the Closing, the Company shall deliver (or cause to be delivered) to the Investor, in addition to all other closing deliveries set forth in Section 5 and Section 6, pursuant to Section 2.1:

(i) a copy of the Register of Members of the Company, duly certified by the registered agent of the Company, updated to reflect the subscription of the applicable Subscription Shares by the Investor;

(ii) a copy of duly executed share certificate issued in the name of the Investor representing the applicable Subscription Shares being issued to the Investor at the Closing, with the original (duly executed for and on behalf of the Company) to be delivered to the Investor within ten (10) Business Days after the Closing;

(iii) a copy of the Memorandum and Articles duly adopted by the Board and shareholders of the Company in the form attached hereto as Exhibit A, with evidence of the filing of such adopted Memorandum and Articles with the Registrar of Companies in the Cayman Islands to be delivered to the Investor within twenty (20) Business Days after the Closing;

(iv) a copy of the Investors’ Rights Agreement duly executed by the Group Company Parties, the Founder Parties, the Angel Investor Parties, the Series A Investors and the Current Series B Investors in the form attached hereto as Exhibit C;

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(v) documents evidencing that each of the Founder Parties, Angel Investor Parties, Series A Investors and Current Series B Investors has waived or has been deemed to waive its pre-emption right with respect to the Subscription Shares; and

(vi) a certificate duly executed by one director of the Company (a) stating that the conditions specified in Section 5 have been fulfilled as of the Closing and (b) attaching thereto copies of all resolutions that shall approve the transactions contemplated under the Transaction Documents, including without limitation, (i) the entry into this Agreement, (ii) the adoption of the Memorandum and Articles in the form attached hereto as Exhibit A, and (iii) the adoption of the Investors’ Rights Agreement in the form attached hereto as Exhibit C.

## 3. Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties.

The Group Company Parties, Haode Investment and the Founder Parties hereby jointly and severally represent and warrant to the Investor that each of the following statements is true, complete and accurate as of the date of this Agreement and the Closing (other than as otherwise provided in this Agreement, or fairly, accurately and specifically qualified or excepted in the Disclosure Schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”):

### 3.1 Organization; Good Standing; Qualification.

(i) Each Group Company is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its establishment. Schedule V sets forth a true, complete and accurate capitalization table of the Company immediately before the Closing, and Schedule VI sets forth a true, complete and accurate capitalization table of the Company immediately after the Closing.

(ii) Each Group Company has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted and is duly qualified to transact business in each jurisdiction in which it operates its business.

(iii) Each of Founder A Holdco, Founder B Holdco and Haode Investment is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. Each of the Company, the HK Company and the BVI Company is a holding company and save for their holding of the share capital in the relevant Subsidiaries, none of them has carried out any business since the date of its incorporation and does not have any assets or liabilities. For the avoidance of doubt, if the HK Company carries out any business after the Closing, it shall not be deemed as a violation of this Section.

(iv) Except as disclosed in Section 3.1 of the Disclosure Schedule, each Group Company has obtained all permits, licenses necessary for the effective operation of its business.

### 3.2 Capitalization and Voting Rights.

(i) The capitalization of the Company immediately before the Closing will consist of (i) 45,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding, and (v) 1,000,000 Series B Preferred Shares, among which 272,343 Current Series B Preferred Shares are issued and outstanding. The capitalization of the Company immediately after the Closing will consist of (i) 45,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding; and (v) 1,000,000 Series B Preferred Shares, among which 279,152 Series B Preferred Shares are issued and outstanding;

(ii) Except as disclosed in Section 3.2 of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), or other third party rights of any kind, proxy or shareholders agreements or agreements of any kind for the purchase, exchange or acquisition of any Group Company of any of their securities.

(iii) The Company is not subject to any obligation (contingent or otherwise) to purchase or otherwise acquire or retire any equity interest held by its shareholders or to purchase or otherwise acquire or retire any of its other outstanding securities.

**3.3 Group Structure.** Part A of Schedule I sets forth a true, complete and accurate list of all of the Company's Subsidiaries and their respective registered capital and paid-in capital as of the date of this Agreement (for the avoidance of doubt, the Subsidiaries in the list shall not include branch offices of the Group Companies). Part B of Schedule I sets forth a true, complete and accurate group structure chart of the Group Companies showing the shareholding and Control relationships among the Group Companies as of the date of this Agreement. None of the Group Companies owns or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity that is not a Group Company. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

**3.4 Authorization.** Each of the Founder Parties, Haode Investment, and the Group Company Parties has all requisite power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to carry out and perform its obligations hereunder and thereunder. All corporate action on the part of each of the Founder Parties, Haode Investment, the Group Company Parties and their respective officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and each other Transaction Document to which it is a party, the performance of all obligations of each of the Group Company Parties hereunder and thereunder, and the authorization, allotment, issuance (or reservation for issuance) and delivery by the Company of the Additional Series B Preferred Shares being issued hereunder and the Ordinary Shares issuable upon conversion of such Additional Series B Preferred Shares being issued hereunder, has been taken or will be taken prior to or on the Closing. Each Transaction Document to which each of the Founder Parties, Haode Investment, and the Group Company Parties is a party has been duly executed and delivered by each such party and constitutes valid and legally binding obligations thereof, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. Except as disclosed in Section 3.4 of the Disclosure Schedule, none of the issuance of: (a) the Subscription Shares or (b) the Conversion Shares is subject to any preemptive rights or other similar rights or limitations.

### 3.5 Valid Issuance of Additional Series B Preferred Shares.

(i) The Additional Series B Preferred Shares that are being subscribed by or issued to the Investor hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents. The Ordinary Shares issuable upon conversion of the Additional Series B Preferred Shares subscribed under this Agreement, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents.

(ii) Except as disclosed in Section 3.5 of the Disclosure Schedule, all presently outstanding shares of the Company are duly and validly issued, and fully paid, and have been issued in full compliance with Applicable Laws, including to the extent applicable, the Securities Act and all other antifraud and other provisions of applicable securities laws and regulations.

**3.6 Consents.** No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any of the Group Company Parties, the Founder Parties, or Haode Investment will be required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby is required, which has not already been secured or effected or will be secured or effected prior to the Closing.

**3.7 Offering.** The offer, sale and issuance of the Additional Series B Preferred Shares and the Conversion Shares (when issued), as contemplated by this Agreement, is not required to comply with or is otherwise exempt from any registration and prospectus delivery and related requirements of the Securities Act and any applicable securities laws, and neither the Company nor any authorized agent acting on its behalf has taken or will take any action that would result in the Company having to comply with such requirements or cause the loss of such exemptions.

**3.8 Books and Records; Minutes.** All accounts, ledgers, material files, documents, instruments, papers, books and records relating to the business, operations, conditions (financial or other) of each Group Company, results of operations, and assets and properties of each Group Company (collectively, the “**Books and Records**”), each as demonstrated to the Investor and their representatives, are true, correct and complete in all material respects, there are no material inaccuracies or discrepancies of any kind contained or reflected therein, and they have been maintained in accordance with relevant legal requirements and industry standards, as applicable, including the maintenance of an adequate system of internal controls. The minute books of the Company, as demonstrated to the Investor and its representatives, contain complete and accurate records of all meetings of and corporate actions or written consents by the shareholders and the board of directors of such Group Company and, to the extent that such minute books are deficient, all material information not contained in such minutes has been conveyed to the Investor in other written form.

### 3.9 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax (as defined below) returns, statements, reports, declarations and other forms and documents (“**Tax Returns**”) that are required to have been filed by it with any Governmental Authority, except where the failure to timely file Tax Returns would not have a Material Adverse Effect, (b) has timely paid all Taxes owed by it which are due and payable, except where the failure to pay Tax would not have a Material Adverse Effect, and (c) has correctly deducted or withheld all Tax which it has been obliged under Applicable Laws to deduct or withhold, and has properly accounted to the relevant Governmental Authority for all amounts of Tax so deducted or withheld, except where the failure to correctly deduct, withhold or properly account would not have a Material Adverse Effect. For purposes of this Agreement, the following terms have the following meanings: “**Tax**” (and, with correlative meaning, “**Taxes**” and “**Taxable**”) means any and all taxes including, without limitation, any income, alternative or add-on minimum tax, gross income, gross receipts, sales use, ad valorem, transfer, franchise, profits, value added, net worth, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any United States, Cayman Islands, British Virgin Islands, PRC, Hong Kong or other local or foreign Governmental Authority or regulatory body responsible for the imposition of any such tax (domestic or foreign) (a “**Tax Authority**”).

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete.

(iii) Since the Statement Date, no Group Company has incurred any Liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax Authority relating to any of the Tax Returns filed by any Group Company or other Tax matters, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes.

(v) No Group Company is or has ever been a PFIC or CFC. No Group Company anticipates that it will become a PFIC or CFC for the current Taxable year or any future Taxable year.

**3.10 Litigation.** Except as disclosed in Section 3.10 of the Disclosure Schedule, there is no litigation, arbitration, administrative investigation or other proceeding pending or threatened (whether or not the defense thereof or liabilities in respect thereof are covered by insurance) against or significantly affecting any Group Company, or any of its respective assets or properties, nor do any facts exist which would likely give rise to any such litigation, arbitration or proceeding, except where such litigation, arbitration or proceeding would not have a Material Adverse Effect on the Group Companies taken as a whole. There has not been any investigation, enquiry or disciplinary proceeding by any Governmental Authorities concerning any Group Company and none is pending or threatened.

### 3.11 Compliance with Applicable Laws.

(i) Except as disclosed in Section 3.11 of the Disclosure Schedule, each Group Company, is, and at all times has been, in full compliance with all Applicable Laws in all material respects.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of any Group Company to comply with any Applicable Law, except where the failure to be in compliance would not have a Material Adverse Effect or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iii) No Group Company has received any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, possible, or potential violation of, or failure to comply with, any Applicable Law, or (b) any actual, alleged, possible, or potential obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iv) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no Group Company or any director, agent, employee or any other person acting for or on behalf of such Group Company, has directly or indirectly (a) made any contribution, gift, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, property, or services to any person (w) to obtain favorable treatment in securing business for such Group Company or any other member of the Group Company, (x) to pay for favorable treatment for business secured, (y) to obtain special concessions or for special concessions already obtained, for or in respect of such Group Company or any other Group Company, or (z) in violation of any Applicable Law, including the FCPA, or (b) established or maintained any fund or assets in which such Group Company has proprietary rights that have not been recorded in the Books and Records of such Group Company.

**3.12 Compliance with Instruments.** No Group Company is in, nor will the conduct of business of any of them as proposed to be conducted result in, any violation, breach or default of the Memorandum and Articles or any other constitutional documents (which include, as applicable, any articles of incorporation, by-laws, joint venture contracts and the like), or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon any of them. The execution, delivery and performance of any Transaction Documents, and the consummation of the transactions contemplated herein and therein, will not result in any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either (a) a default under the Memorandum and Articles or similar charter documents of any Group Company or any such contract, agreement or instrument to which any Group Company, Founder Party or Haode Investment is a party or to which the assets of any Group Company are subject, (b) an event which results in the creation of any Lien, charge or encumbrance upon any asset of any Group Company, or (c) any violation of Applicable Laws.

### 3.13 Intellectual Property Rights.

(i) The Group Companies exclusively own all right, title and interest in and to the IP Assets, free and clear of any Liens. No Group Company or, to the knowledge of the Founder Parties, Haode Investment and Group Company Parties, none of the Group's employees, officers or directors has taken any actions or failed to take any actions that would cause any of IP Assets to be invalid, unenforceable or not subsisting. No IP Asset is the subject of any security interest, Lien, license or other contract granting rights therein to any other Person. No Group Company has (a) transferred or assigned, (b) granted a license to, or (c) provided to, any Person any IP Asset.

(ii) (a) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, (i) neither any IP Assets nor their use infringe upon or misappropriate the rights of any other Person and (ii) none of the IP Assets is infringed upon or misappropriated by any other Person; and (b) none of the Founder Parties, Haode Investment or the Group Companies has received any claim, any cease and desist or equivalent letter, any invitation to enter into a license, or any other notice of any allegation that any IP Assets or their use infringes upon, misappropriates or otherwise violates the Intellectual Property of any third parties or requires any payment to another Person.

(iii) Any registrations with and applications to Governmental Authorities in respect of any IP Assets required by Applicable Laws have been made, are valid and in full force and effect.

(iv) The Founder Parties, Haode Investment and the Group Companies have taken all necessary steps to protect and preserve the secrecy, confidentiality and value of the IP Assets and any related trade secrets and know-how.

**3.14 Compliance with the Employment Agreement.** Each of the Founders and Key Employees has entered into customary employment agreement, non-competition agreement, confidentiality agreement and assignment of inventions agreement with one of the Group Companies in the forms satisfactory to the Investor. The terms of such agreements are binding on and enforceable against the Founders and the Key Employees under Applicable Laws. None of the Group Companies, the Founders and the Key Employees is or has been in violation of such agreement. Each Group Company has not given any notice of termination to or received any notice of resignation from any Founder or any Key Employee.

### 3.15 Compliance with the FCPA.

(i) The Founder Parties, Haode Investment and the Group Companies have been and are in full compliance with the FCPA in all respects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Founder Parties, Haode Investment and the Group Companies of, or a failure on the part of any of the Founder Parties, Haode Investment and the Group Companies to comply with, the FCPA.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, all the officers, directors, employees, agents and representatives of the Company (collectively, the “**Company Personnel**”) have been and are in full compliance with the FCPA in all respects. To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Company Personnel of, or a failure on the part of any of the Company Personnel to comply with, the FCPA.

**3.16 Financial Statements.** The Company has allowed the Investor to review the unaudited financial statements (including balance sheets, income statements and statements of cash flow) of the Company for the period from its inception ended as of September 30, 2018 (the “**Statement Date**”) (collectively, the “**Financial Statements**”). The Financial Statements (a) have been prepared on a consolidated basis in accordance with the books and records of the Group Companies, (b) fairly present the financial condition and position of the Group Companies as of the dates indicated therein and the results of operations and cash flows of the Group Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto, and (c) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applied on a consistent basis throughout the periods involved. The Group’s accounting records are accurate, up-to-date, in its possession and properly completed in accordance with the applicable accounting standards and Applicable Laws.

**3.17 Liabilities.** Except as disclosed in Section 3.17 of the Disclosure Schedule, no Group Company has any Liabilities of the type required to be disclosed on the Financial Statements except for (i) liabilities set forth in the Financial Statements that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices and which do not exceed RMB 5,000,000 in the aggregate. None of the Group Companies is a guarantor or indemnitor or has provided security to secure any Liabilities of any other Person (other than a Group Company).

**3.18 Title.**

(i) Except as disclosed in Section 3.18 of the Disclosure Schedule, the Group Companies have good and valid title to, or a valid leasehold interest in, all of their assets, whether real, personal or mixed, purported to be owned by them, free and clear of any Liens. The foregoing assets collectively represent in all material respects all assets, rights and properties necessary for the effective conduct of the business of the Group as currently conducted and as proposed to be conducted by the Group. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford such Group Company valid leasehold possession of the real or personal property that is the subject of the lease.

(ii) All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

**3.19 Labor Matters.** There is no, and there has not been during the past one (1) year, any dispute relating to the violation or alleged violation of any Applicable Law by any Group Company pertaining to labour relations or employment matters that may have a Material Adverse Effect on any Group Company, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company. Each Group Company is in compliance with the Applicable Laws relating to its provision of any form of social insurance and housing fund (the “**Social Insurance**”), and has fully and timely paid all Social Insurance contributions required under the Applicable Laws for all of employees, except where the failure to be in compliance would not have a Material Adverse Effect and as disclosed in Section 3.19 of the Disclosure Schedule.

**3.20 Changes Since the Statement Date.** Since the Statement Date:

- (i) each Group Company’s business has been operated in the ordinary course as a going concern;
- (ii) there has been no Material Adverse Effect to any Group Company or the Group taken as a whole;
- (iii) no material change has occurred in the assets and liabilities shown in the Financial Statements except for those occurred in the ordinary course of business of the Group; and
- (iv) no Group Company has declared, paid or made a dividend or distribution except as provided in the Financial Statements.

**3.21 Agreements.** To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no fact or circumstance exists which might invalidate or give rise to a ground for termination of any material agreement, arrangement or obligation to which any Group Company is a party. No party with whom any Group Company has entered into any material agreement, arrangement or obligation has given notice of its intention to terminate such agreement, arrangement or obligation. Neither a Group Company nor any party with whom any Group Company has entered into any agreement, arrangement or obligation is in material breach of such agreement, arrangement or obligation. No Group Company is a party to, or is liable under, a long term, onerous or unusual agreement, arrangement or obligation including, without limitation an agreement, arrangement or obligation:

- (i) entered into other than in the ordinary course of its business; or
- (ii) restricting any Group Company’s freedom to operate the whole or part of its business or to use any of its assets.

**3.22 Real Property.** None of the Group Companies owns any real property.

**3.23 Foreign Exchange.** The Founder Parties, Haode Investment, the Angel Investor Parties and any PRC domestic resident who has any beneficial interest in the Company, Haode Investment or Angel Investor Parties or any offshore holding company which holds any beneficial interest in the Company has obtained all necessary approvals from and made all necessary filings and registrations with all Governmental Authorities in connection with the establishment or control of the Company or the relevant holding company (as the case may be). No other approvals are required to be obtained from and no other filings or registrations are required to be made with SAFE to enable any Group Company in the PRC to remit dividends or other forms of profits outside of the PRC to the Company in a freely convertible foreign currency.

**3.24 Related Party Agreements.** Except as disclosed in Section 3.24 of the Disclosure Schedule, there has not been any agreement or arrangement (legally enforceable or not) with an amount over RMB 5,000,000 between, on the one hand, any Group Company and, on the other hand, (a) any Founder Party, Haode Investment or Angel Investor Party, (b) any of the respective Affiliates of the Persons referred to in the foregoing clause (a), (c) any shareholder, director or manager of any Group Company, any Founder Party, Haode Investment, any Angel Investor Party or any of their Affiliates, or (d) any Person connected with any of the Persons referred to in the foregoing clauses (a) to (c) (including immediate family members).

**3.25 Bankruptcy, Insolvency and Winding Up.** No proceedings have commenced or are pending for the bankruptcy, insolvency, winding up, liquidation or reorganisation of any Group Company. No Group Company is bankrupt or insolvent. Each Group Company is able to pay its debts as they fall due and has sufficient assets to repay all of its debts.

**3.26 Full Disclosure.** The Founder Parties, Haode Investment and the Company have provided the Investor with all the information that the Investor have requested for deciding whether to consummate the transactions contemplated under this Agreement. None of the Transaction Documents or any other statements or certificates or other materials made or delivered, or to be made or delivered, to the Investor in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. No representation or warranty by the Founder Parties, Haode Investment or the Group Company Parties in this Agreement and no information or materials provided to the Investor in connection with their due diligence investigation of any Group Company or the negotiation and execution of the Transaction Documents, taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances in which they are made, not misleading.

#### **4. Representations and Warranties of the Investor.**

The Investor hereby represents and warrants to the Company that each of the following statements is true, complete and accurate as the date of this Agreement and as of the Closing:

**4.1 Organization; Good Standing; Qualifications.** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. It has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted and is duly qualified to transact business in each jurisdiction in which it operates business and where the failure to so qualify would have a Material Adverse Effect.

**4.2 Authorization.** It has all requisite power and authority to execute and deliver each Transaction Document to which it is a party and to carry out and perform its obligations thereunder. All actions on its part and its officers, directors and shareholders necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all its obligations thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document to which it is a party has been duly executed and delivered by it, and constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**4.3 Legal Funds.** The Subscription Price paid by the Investor shall be funds legally available to it under Applicable Laws.

**5. Conditions of the Investor' Obligation at the Closing.** The obligations of the Investor to complete the Closing are subject to the fulfillment of each of the following conditions, unless waived in writing by the Investor prior to the Closing:

**5.1 Representations and Warranties.** The representations and warranties of the Group Company Parties, Haode Investment and the Founder Parties contained in Section 3 which are qualified as to materiality shall be true, correct and complete, and each such representation and warranty that is not so qualified shall be true, correct and complete in all material respects, in each case on the date hereof and on the Closing Date as if made on and as of the Closing Date (except for such representations and warranties expressly stated herein to be made as of a specific date, which shall be true, correct and complete or true, correct and complete in all material respects (as the case may be) as of such date).

**5.2 Performance.** Each of the Parties other than the Investor shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**5.3 Qualifications.** Each of Parties hereto other than the Investor shall have obtained all authorizations, approvals, waivers or permits of any competent Governmental Authority or regulatory body that are required for the consummation of all of the transactions contemplated by the Transaction Documents, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body or any relevant third party, and (ii) the waiver by the existing shareholders of the Company of any pre-emptive rights and all similar rights in connection with the issuance of the Subscription Shares at the Closing.

**5.4 Due Diligence.** The Investor shall have completed its business, legal, financial due diligence investigation of the Group Companies to its satisfaction.

**5.5 Legal Opinions.** The Investor shall have received from the Company opinions of the PRC legal counsel of the Group Companies dated as of the Closing Date in the form attached as Exhibit D.

**5.6 No Material Adverse Effect.** There shall not have occurred prior to the Closing any event or transaction reasonably likely to result in a Material Adverse Effect.

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**5.7 Investors' Rights Agreement.** The Group Company Parties, the Founder Parties, Haode Investment, the Angel Investor Parties, the Series A Investors and the Current Series B Investors shall have duly executed and delivered to the Investor the Investors' Rights Agreement in the form attached as Exhibit C.

**6. Conditions of the Company's and Founder Parties' Obligations at the Closing.** The obligations of the Company and Founder Parties with respect to any Investor under this Agreement at the Closing are subject to the fulfillment or the Company's written waiver prior to the Closing of each of the following conditions:

**6.1 Representations and Warranties.** The representations and warranties of the Investor contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

**6.2 Performance.** The Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**6.3 Investors' Rights Agreement.** The Investor shall have duly executed and delivered to the Company the Investors' Rights Agreement in the form attached as Exhibit C.

**6.4 Waiver of Conditions.**

(i) At any time on or before the Closing Date, the Investor may waive a condition set out in Section 5, with respect to itself only, by notice to the Company and the Founder Parties on any terms the Investor decides.

(ii) At any time on or before the Closing Date, the Company may waive a condition set out in Section 6 with respect to the Investor by notice to the Investor on any terms it decides.

**7. Covenants.**

**7.1 Responsibility for Satisfaction of Conditions.** The Group Company Parties, Haode Investment and the Founder Parties shall make all reasonable efforts to achieve satisfaction of each condition set out in Section 5 as soon as possible and in any event not later than the Closing Date. From the date hereof, the Group Company Parties, Haode Investment and the Founder Parties shall timely inform the Investor of and discuss with the Investor the status of the Group Company Parties', Haode Investment's and the Founder Parties' progress in fulfilling the closing conditions set forth in Section 5. If, at any time, any Group Company Party, Haode Investment, or Founder Party becomes aware of the satisfaction of any condition that it is responsible for the satisfaction or becomes aware of any fact or circumstance that might prevent any condition from being satisfied, it shall immediately inform the other Parties in writing.

**7.2 Further Assurances.** Each of the Group Company Parties, Haode Investment, and the Founder Parties agrees to from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Investor may reasonably request for the purpose of effectively carrying out the transactions contemplated by the Transaction Documents. This covenant shall survive the Closing.

**7.3 Pre-Closing Undertakings.** Between the date of this Agreement and the Closing Date, each of the Group Company Parties, Haode Investment, and the Founder Parties jointly and severally undertakes to the Investor to procure that each Group Company shall operate its business in the ordinary course so as to maintain that business as a going concern, and not to take actions or engage in or commit to transactions that are extraordinary in nature or would reasonably be expected to negatively impact the interest of a potential investor at or after the Closing.

**7.4 Use of Funds.** The proceeds received by the Company under this Agreement shall be used for the Group's ordinary course of business and the satisfaction of the related capital expenditure and cash flow requirements.

**7.5 Post-Closing Undertaking of the Group Company Parties, Haode Investment and the Founder Parties.** Each of the Group Company Parties, Haode Investment and the Founder Parties jointly and severally undertakes to the Investor that, such Party shall complete or cause relevant Persons to complete the following matters, within the timelines stated in this Section 7.5:

(i) as soon as practicable after the Closing and no later than six (6) months following the Closing, the VIE Entity shall obtain the ICP License with scope and terms applicable to the current and prospective business operations of the VIE Entity and satisfactory to Investor;

(ii) as soon as practicable after the Closing, each of the Group Companies (including branches thereof) shall obtain necessary permits and licenses necessary for the effective operation of its business, except that with respect to (a) the business license and (b) the food operation permit of a Group Company, a Party shall not be deemed to have breached this covenant as long as such Group Company uses its good faith and makes its reasonable efforts to obtain such license and permit in due course;

(iii) as soon as practicable after the Closing, the Group Companies shall use their best efforts to obtain the essential PRC trademarks that are necessary for the effective operation of its business; and

(iv) as soon as possible after the date hereof, the Founder Parties, Haode Investment and the Group Company Parties shall procure Primus Investments Funds L.P. to pay the purchase price in the amount of about US\$17.5 million to the Company and provide evidence thereof to the Investor.

**7.6 Post-Closing Undertaking of the Investor.** The Investor hereby agrees that after the Closing, it shall from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Company may reasonably request for the purpose of effectively carrying out the transactions contemplated by and in accordance with the Xizang Trust Cooperation Memorandum (as defined in the in the Disclosure Schedule), and the Investor shall not exercise their Pre-emption Rights (as defined in the Investors' Rights Agreement), anti-dilution rights under the Investors' Rights Agreement or any other rights to restrict Xizang Trust (as defined in the Disclosure Schedule) or its Affiliates from making equity investment in the Company as contemplated by and in accordance with the terms of the Xizang Trust Cooperation Memorandum.

## 8. Confidentiality.

**8.1 Disclosure of Terms.** The terms and conditions of this Agreement, all exhibits and schedules attached hereto and the transactions contemplated hereby (collectively, the “**Financing Terms**”), including their existence, shall be considered confidential information and shall not be disclosed by any Party to any third party without the prior written consent of all other Parties except in accordance with the provisions set forth below.

**8.2 Permitted Disclosures.** Notwithstanding the foregoing, each of the Company and the Investor may disclose any of the Financing Terms to its general partners, limited partners, fund manager(s) and Affiliates and the current directors, employees, accountants and attorneys of the aforementioned parties, in each case only on an as-needed basis and where such Persons are under appropriate non-disclosure obligations.

**8.3 Legally Compelled Disclosure.** In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement or content of any of the Financing Terms in contravention of the provisions of this Section 8, such Party (the “**Disclosing Party**”) shall, unless prohibited by law, provide the other Parties with prompt written notice of that fact and shall consult with the other Parties regarding such disclosure. The Disclosing Party shall, to the extent possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

**8.4 Other Exceptions.** Notwithstanding any other provision of this Section 8, the confidentiality obligations of the Parties shall not apply to: (a) information which a restricted Party learns from a third party having the right to make the disclosure, provided the restricted Party complies with any restrictions imposed by the third party; (b) information which is in the restricted Party’s possession prior to the time of disclosure by the protected Party and not acquired by the restricted Party under a confidentiality obligation; (c) information which enters the public domain without breach of confidentiality by the restricted Party, or (d) in the case of the Investor, information required to be disclosed under securities laws or the rules of any stock exchange applicable to the Investor.

### **8.5 Press Releases.**

(i) None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that no Group Company shall, issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Investor. None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that none of the Group Companies shall, issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Investor or any of its Affiliates without obtaining in each instance the prior written consent of the Investor.

(ii) The Investor shall not issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Company. The Investor shall not issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Group Company Parties, Haode Investment, and the Founder Parties, or any of its respective Affiliates without obtaining in each instance the prior written consent of the Company.

#### **8.6 Effectiveness.**

(i) Subject to Section 8.6(ii), the provisions of this Section 8 shall survive the termination of this Agreement and shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the Parties with respect to the transactions contemplated hereby.

(ii) Sections 8.1 to 8.3 shall be terminated with respect to a Party upon its execution of the Investors' Rights Agreement and superseded by the confidentiality obligations set out therein in Section 18 of the Investors' Rights Agreement.

### **9. Indemnification.**

**9.1 General.** Without prejudice to any other right or remedy available, the Founder Parties, Haode Investment and the Group Company Parties (each, an "**Indemnifying Party**") shall jointly and severally indemnify on an after Tax basis and hold the Investor, its Affiliates and its respective representatives, together with its respective successors and permitted assigns (each, an "**Indemnified Party**"), harmless from and against any and all Indemnifiable Loss resulting from, arising out of or relating to: (i) any breach of any representation or warranty of any Indemnifying Party contained in any Transaction Document (without regard to the materiality qualifiers contained therein), (ii) the nonperformance, partial or total, of any covenant of any Indemnifying Party contained in any Transaction Document, (iii) any failure by the VIE Entity to obtain or maintain the ICP License and (iv) the failure to execute and effect any Control Document pursuant to Section 7.5 or any breach or non-compliance with any Control Document by any party thereto.

**9.2 Notice of Claims.** If an Indemnified Party makes any claim or demand against an Indemnifying Party for indemnification, the claim or demand shall be in writing and shall state in general terms the facts upon which the Indemnified Party makes the claim or demand. If such notice is not given, it will not release any Indemnifying Party, in whole or in part, from its obligations under this Section 9, except to the extent that such Indemnifying Party's ability to defend against claim or demand is materially and actually prejudiced thereby.

**9.3 Survival.** The Fundamental Representations of the Founder Parties, Haode Investment and the Group Company Parties contained in the Transaction Documents shall survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties hereto contained in this Agreement or in any certificate delivered pursuant hereto or in connection herewith shall survive the Closing indefinitely or for the shorter period explicitly specified therein, *provided* that for such covenants and agreements that survive for such shorter period, claims for breaches thereof shall survive indefinitely or until the latest date permitted by Law. Notwithstanding the foregoing, if notice of any claim or demand for indemnification shall have been given, such claim or demand shall survive the time at which it would otherwise terminate.

## 10. Miscellaneous.

**10.1 Investor's Knowledge not a Defense.** Nothing disclosed by the Group Company Parties, Haode Investment or the Founder Parties to the Investor other than in the Disclosure Schedule shall constitute disclosure for the purposes of this Agreement. No other knowledge of the Investor or its advisers relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by the Investor for breach of Section 3 (Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties). The Group Company Parties, Haode Investment and the Founder Parties shall not invoke the knowledge of the Investor or its advisers (actual, constructive or imputed) of a fact or circumstance which might make any statement in Section 3 untrue or inaccurate as a defense to a claim for breach of Section 3.

**10.2 Termination.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned at any time prior to Closing:

(i) by mutual agreement;

(ii) upon written notice from the Investor with respect to itself only, in the event of a material breach of any Transaction Document by any of the Founder Parties, Haode Investment or Group Company Parties if such breach has not been cured within fifteen (15) Business Days following notification thereof; or

(iii) with respect to the agreements between the Investor and the Company, upon written notice from the Company with respect to the Investor only, in the event of a material breach of any Transaction Document by the Investor if such breach has not been cured within fifteen (15) Business Days following notification thereof.

If this Agreement is terminated pursuant to this Section 10.2, all further obligations of the relevant Parties under this Agreement shall terminate, except for those obligations which are intended, expressly or implicitly, to survive the termination of this Agreement, provided, however, that no such termination of this Agreement shall relieve any Party of any liability for breaches of this Agreement occurring prior to the date of termination.

**10.3 Assignments and Transfers; Third Party Beneficiaries.** This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, permitted assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of the Investor hereunder shall be assignable (i) to an Affiliate of the Investor, or (ii) to any other assignee or transferee to whom the Investor transfers Equity Securities, provided that such transferee agrees in writing to be bound by the terms of this Agreement by signing and delivering a joinder agreement in the form as set forth in Exhibit E (the "**Joinder Agreement**"). This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. For the avoidance of doubt, the terms of this Agreement are not intended to be enforceable by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by any person who is not a Party to this Agreement.

**10.4 Governing Law.** This Agreement shall be governed by and construed under the laws of Hong Kong without regard to principles of conflicts of law thereunder.

**10.5 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10.6 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**10.7 Notices.** Any and all notices required or permitted under this Agreement shall be given in writing in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the date of transmission with receipt of a transmittal confirmation, (c) if transmitted by email, on the date of transmission, or (d) if by international courier service, on the fourth (4<sup>th</sup>) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. Any notice given pursuant to this Section 10.7 shall be addressed to the address, facsimile number or email address of the receiving Party as set forth on Schedule III of this Agreement or at such other addresses as such Party may designate by ten (10) days advance written notice to the other Parties hereto.

**10.8 Amendments and Waivers.** Except as otherwise provided in Section 6.4, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written instrument signed by the Company, the Investor and the Founder Parties.

**10.9 Severability.** If one or more provisions of this Agreement are held to be unenforceable under any Applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**10.10 Remedies Not Exclusive.** Each Party's rights and remedies contained in this Agreement are cumulative and not exclusive of other rights or remedies provided by law.

**10.11 Entire Agreement.** This Agreement, the other Transaction Documents and the documents referred to herein and therein, together with all schedules and exhibits hereto and thereto, constitute the entire agreement among the Parties and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

## 10.12 Tax and Expenses.

The Company shall pay all of its own costs, expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents, and the Investor shall pay all of its own costs and expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents.

**10.13 Dispute Resolution.** Any dispute, controversy or difference between the Parties arising out of, in connection with or relating to, this Agreement (a “**Dispute**”) shall be resolved through arbitration pursuant to this Section 10.13. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the “**HKIAC**”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIAC Rules**”) in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the “**Claimant**”) and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the “**Respondent**”) shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 10.13 including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.13 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the Parties to the arbitration strictly in accordance with the substantive law of the Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney’s fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing Parties, and any Party may apply to a court of competent jurisdiction for enforcement of such award. A Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Galaxy Shine Limited

By: /s/ Zhengxing Shao

Name: Zhenxing Shao

Title: Authorized Signature

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Inc.

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Investment Inc.

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee (Hong Kong) Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Co., Ltd.  
北京 Luckin Coffee 有限公司

By: /s/ Zhibin Zhu  
Name: Zhibin Zhu  
Title: Director  
Company Seal:  
/s/ Seal of Beijing Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China Luckin Coffee Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of China Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Tianjin Luckin Coffee Co., Ltd.  
□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Tianjin Luckin Coffee Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Pingtian Luckin Coffee E-Commerce Co., Ltd.  
□□□□□□□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director  
Company Seal:  
/s/ Seal of Pingtian Luckin Coffee E-Commerce Co., Ltd.

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Technology Co., Ltd.  
北京 Luckin Coffee 科技有限公司

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Company Seal:

/s/ Seal of Beijing Luckin Coffee Technology Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Zhiya Qian

Signature: /s/ Zhiya Qian  
Zhiya Qian

Summer Fame Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Min Chen

Signature: /s/ Min Chen  
Min Chen

May Bliss Limited

By: /s/ Min Chen  
Name: Min Chen  
Title: Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Haode Investment Inc.

By: /s/ GUO, Lichun

Name: GUO, Lichun

Title: Director

Signature Page

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## SERIES B-1 PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES B-1 PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of April 12, 2019 (the “**Effective Date**”), by and among:

1. Luckin Coffee Inc., an exempted company organized under the laws of the Cayman Islands with its company number of [ ] (the “**Company**”);
2. Luckin Coffee Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**BVI Company**”);
3. Luckin Coffee (Hong Kong) Limited (██████████████████), a company incorporated under the laws of Hong Kong, with its company number of [ ] (the “**HK Company**”);
4. Beijing Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Beijing WFOE**”);
5. China Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Xiamen WFOE**”);
6. Tianjin Luckin Coffee Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Tianjin WFOE**”);
7. Pingtan Luckin Coffee E-Commerce Co., Ltd. (██████████████████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**Pingtan WFOE**”);
8. Beijing Luckin Coffee Technology Co., Ltd. (██████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the “**VIE Entity**”, and together with the Company, the BVI Company, the HK Company, the Beijing WFOE, the Xiamen WFOE, the Tianjin WFOE and the Pingtan WFOE, the “**Group Company Parties**”);
9. Zhiya Qian (□□□), a citizen of the PRC with identification number of [ ] (the “**Founder A**”);
10. Summer Fame Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder A Holdco**”);

11. Min Chen (陈敏), a citizen of the PRC with identification number of [ ] (the “**Founder B**”, together with Founder A, collectively the “**Founders**” and each, a “**Founder**”);
12. May Bliss Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder B Holdco**”, together with Founder A, Founder A Holdco and Founder B, collectively, the “**Founder Parties**”, and each, a “**Founder Party**”);
13. Haode Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Haode Investment**”);
14. Darsana Master Fund LP, a company incorporated under the laws of the Cayman Islands, with its company number of [ ] (the “**Darsana Investor**”);
15. Bel45 Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
16. Tango Capital Opportunities Fund, L.P. a limited partnership formed under the laws of the State of Delaware, USA;
17. TSCL Private Markets Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
18. NDSIB Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
19. BlackRock Private Opportunities Fund IV, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
20. BR POF IV Cayman Master Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
21. High Rock Direct Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
22. BlackRock MD Private Opportunities Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
23. 1885 Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
24. NHRS Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
25. Sullivan Way Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;

26. Coin Private Opportunities, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
27. POF III Scottish Master, L.P., a limited partnership formed under the laws of Scotland, UK;
28. BlackRock Inverwood Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
29. OV Private Opportunities, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
30. Red River Direct Investment Fund III, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
31. BR/ERB Co-Investment Fund II, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
32. BlackRock MSV Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
33. Private Equity Partners VII Master, L.P., a limited partnership formed under the laws of Scotland, UK;
34. Private Equity Partners VII US, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
35. Total Alternatives Fund — Private Equity LP, an exempted limited partnership formed under the laws of the Cayman Islands;
36. Total Alternatives Fund — Private Equity (B) LP, an exempted limited partnership formed under the laws of the Cayman Islands; and
37. BlackRock Private Opportunities Fund IV Master SCSp, a *société en commandite spéciale* (special limited partnership) formed under the laws of Luxembourg (Party (15) through Party (37), collectively, the “**BlackRock Investors**” and each, a “**BlackRock Investor**”, and together with the Darsana Investor the “**Investors**” and each, an “**Investor**”).

The Group Company Parties, the Founder Parties, Haode Investment and the Investors are referred to collectively herein as the “**Parties**”, and each individually as a “**Party**”.

#### **RECITALS**

- A. The Company was incorporated under the laws of the Cayman Islands on June 16th, 2017 with its registered address at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- B. The Company proposes to issue and sell certain number of Series B-1 Preferred Shares to the Investors pursuant to the terms and subject to the conditions of this Agreement.

C. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

**WITNESSETH**

THE PARTIES HEREBY AGREE AS FOLLOWS:

**1. Definitions and Interpretation.**

**1.1 Definitions.**

“**Affiliate**” means, with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person or any Persons with the same investment manager or whose investment manager Controls, is Controlled by, or is under common Control with another Person’s investment manager.

“**Angel Shares**” means the Angel-1 Shares and Angel-2 Shares, collectively.

“**Angel-1 Shares**” means the Company’s angel-1 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel-2 Shares**” means the Company’s angel-2 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel Investor Party**” or “**Angel Investor Parties**” means the holder(s) of Angel Shares.

“**Applicable Laws**” means, with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or a day that the banks in the PRC, Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Closing Date**” means the date of the Closing.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Control**” of a given Person means the power of authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person

or power to appoint a majority of the members of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Control Documents**” means the documents entered into between the VIE Entity, its shareholders and certain other Group Companies, which shall grant the Beijing WFOE with effective Control over 100% economic interest in the VIE Entity, including (a) the Master Exclusive Service Agreement entered into by the Beijing WFOE and the VIE Entity dated as of July 20, 2018, (b) the Business Cooperation Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (c) the Confirmation and Guarantee Letters respectively issued by the shareholders of the VIE Entity, dated as of July 20, 2018 or September 20, 2018, as applicable, (d) the Spousal Consents respectively issued by the spouse of certain shareholders of the VIE Entity dated as of July 20, 2018 or September 20, 2018, as applicable, (e) the Exclusive Option Agreement entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, (f) the Proxy Agreement and Power of Attorney entered into by the Beijing WFOE, the VIE Entity and the shareholders of the VIE Entity dated as of July 20, 2018, and (g) the Share Pledge Agreement entered into by the Beijing WFOE and the Founders dated as of September 20, 2018, each as amended from time to time.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of the Preferred Shares, as applicable.

“**Equity Securities**” means any Ordinary Shares and Ordinary Share Equivalents.

“**FCPA**” means the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended.

“**Fundamental Representations**” means those representations and warranties of the Group Company Parties, Haode Investment and Founder Parties set forth in Sections 3.1 (Organization; Good Standing; Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Group Structure), 3.4 (Authorization), 3.5 (Valid Issuance of Series B-1 Preferred Shares), 3.6 (Consents) and 3.7 (Offering).

“**Governmental Authority**” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision and their respective local and provincial branches or departments.

“**Group**” means the Group Companies collectively.

“**Group Company**” means the Company and its Subsidiaries from time to time (Part A of the Schedule I sets forth all of the Company’s Subsidiaries as of the date of this Agreement) and collectively, the “**Group Companies**”.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

**“Indemnifiable Loss”** means, with respect to any Person, any action, claim, dispute, proceeding, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, Taxes, settlement or judgment of any kind or nature imposed on or otherwise incurred or suffered by such Person.

**“Intellectual Property”** means any and all (i) works, registered and unregistered copyrights, copyright registrations and applications, moral rights and attribution rights, (ii) know-how, trade secrets, customer lists, patents and patent applications, (iii) processes and procedures, software, firmware, programs and source disks, source codes, designs, composition services, research records, records of invention and test information, (iv) trade names, trade dress, trademarks, and service marks, and registrations and applications therefor, as well as all goodwill associated with and symbolized thereby, (v) internet uniform resource locators, domain names, data, databases and data collections and all rights therein, and (vi) rights of privacy and publicity and rights to personal information.

**“Investors’ Rights Agreement”** means the Third Amended and Restated Investors’ Rights Agreement to be entered into by and among relevant Parties in the form attached hereto as Exhibit C.

**“IP Assets”** means all Intellectual Property owned or used by or purported to be owned or used by the Group Companies.

**“Key Employees”** means the employees listed in Schedule IV.

**“Lien”** means a mortgage, lien, security interest, pledge, encumbrance or any option (whether consensual, statutory or otherwise) or other contract to enter into any of the foregoing or any power of attorney in respect of any of the foregoing, or third party rights of any kind.

**“Material Adverse Effect”** means any change, event or effect that (i) is or would reasonably be expected to be materially adverse to the business, assets, financial condition or results of operations or prospects of any Group Company individually or the Group Companies taken together as a whole or (ii) is or would materially impair the validity or enforceability of this Agreement against any Group Company or (iii) is or would be reasonably expected to materially and adversely affect any Group Company’s ability to perform their obligations under this Agreement, any other Transaction Document or the transactions contemplated hereunder or thereunder.

**“Memorandum and Articles”** means the Fourth Amended and Restated Memorandum and Articles of the Company, in the form attached hereto as Exhibit A, as may be amended from time to time.

**“Ordinary Share Equivalents”** means securities exercisable or convertible into Ordinary Shares, including without limitation the Preferred Shares.

**“Ordinary Shares”** means the Company’s ordinary shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Person**” means any individual, corporation, partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.

“**PFIC**” means a passive foreign investment company as defined in the Code.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the islands of Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares.

“**RMB**” means the legal currency of the PRC.

“**SAFE**” means the State Administration of Foreign Exchange or its competent local counterpart.

“**Second Amended IRA**” means the Second Amended and Restated Investors’ Rights Agreement entered into by and among relevant Parties thereof dated January 9, 2019.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles.

“**Series A Investor(s)**” means the holder(s) of Series A Preferred Shares.

“**Series B Preferred Shares**” means the Company’s series B preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles.

“**Series B Investor(s)**” means the holder(s) of the Series B Preferred Shares.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001, with the rights and privileges as set forth in the Memorandum and Articles

“**Subsidiary**” means, with respect to any Person (other than a natural person), any other Person directly or indirectly Controlled by such first-mentioned Person.

“**Transaction Documents**” means, collectively, this Agreement, the Investors’ Rights Agreement, the Memorandum and Articles and any other document or agreement in connection with the transactions contemplated herein or therein.

“**United States**” means the United States of America.

“**US\$**” means the legal currency of the United States of America.

**1.2 Terms Defined Elsewhere in this Agreement.** The following terms are defined in this Agreement as follows:

<b>“Agreement”</b>	Preamble
<b>“Beijing WFOE”</b>	Preamble
<b>“Books and Records”</b>	Section 3.8
<b>“BlackRock Investors”</b>	Preamble
<b>“BVI Company”</b>	Preamble
<b>“Claimant”</b>	Section 10.13
<b>“Closing”</b>	Section 2.3
<b>“Company”</b>	Preamble
<b>“Company Personnel”</b>	Section 3.15(ii)
<b>“Darsana Investor”</b>	Preamble
<b>“Disclosing Party”</b>	Section 8.3
<b>“Disclosure Schedule”</b>	Section 3
<b>“Dispute”</b>	Section 10.13
<b>“Effective Date”</b>	Preamble
<b>“Expenses”</b>	Section 10.12
<b>“Financing Terms”</b>	Section 8.1
<b>“Founder”</b>	Preamble
<b>“Founder Parties”</b>	Preamble
<b>“Financial Statements”</b>	Section 3.16
<b>“Group Company Parties”</b>	Preamble
<b>“Haode Investment”</b>	Preamble
<b>“HK Company”</b>	Preamble
<b>“HKIAC”</b>	Section 10.13
<b>“HKIAC Rules”</b>	Section 10.13
<b>“IFRS”</b>	Section 3.16
<b>“Indemnified Party”</b>	Section 9.1
<b>“Indemnifying Party”</b>	Section 9.1
<b>“Investors”</b>	Preamble
<b>“Joinder Agreement”</b>	Section 10.3
<b>“Long Stop Date”</b>	Section 2.3
<b>“Party” or “Parties”</b>	Preamble
<b>“Permit”</b>	Section 3.1
<b>“Pingtan WFOE”</b>	Preamble
<b>“Respondent”</b>	Section 10.13
<b>“Tianjin WFOE”</b>	Preamble
<b>“Social Insurance”</b>	Section 3.19
<b>“Statement Date”</b>	Section 3.16
<b>“Subscription Price”</b>	Section 2.1
<b>“Subscription Shares”</b>	Section 2.1
<b>“Tax”, “Taxes” and “Taxable”</b>	Section 3.9
<b>“Tax Authority”</b>	Section 3.9
<b>“Tax Returns”</b>	Section 3.9
<b>“Underlying Investor”</b>	Section 8.3
<b>“VIE Entity”</b>	Preamble
<b>“Xiamen WFOE”</b>	Preamble
<b>“Xizang Trust”</b>	Section 3.2 of the Disclosure Schedule
<b>“Xizang Trust Cooperation Memorandum”</b>	Section 3.2 of the Disclosure Schedule

### 1.3 Interpretation

- (i) **Directly or Indirectly.** The phrase "directly or indirectly" means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and "direct or indirect" has the correlative meaning.
- (ii) **Gender and Number.** Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (iii) **Headings.** Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (iv) **Include not Limiting.** "Include," "including," "are inclusive of" and similar expressions are not expressions of limitation and shall be construed as if followed by the words "without limitation."
- (v) **Law.** References to "law" shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and "lawful" shall be construed accordingly.
- (vi) **References to Documents.** References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to this Agreement. The words "hereof," "hereunder" and "hereto," and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (vii) **Time.** If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day.
- (viii) **Writing.** References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.
- (ix) **Language.** This Agreement is drawn up in the English language. If this Agreement is translated into any language other than English, the English language text shall prevail.
- (x) **Reference to Parties.** A reference to a Party, unless the context otherwise requires, includes a reference to that Party's legal personal representatives, successors and permitted assigns.
- (xi) **Knowledge.** A reference to "the knowledge of the Founder Parties, Haode Investment and Group Company Parties" includes, without limitation, the knowledge, information and belief of any of the Founder Parties, Haode Investment, the Group Companies and the directors

and senior management personnel of each Group Company, and is deemed to include the knowledge, information and belief which any of such persons would have if he/she/it had made all reasonable enquiries.

## 2. Subscription and Issuance of Shares

**2.1 Issuance of Subscription Shares.** Subject to the terms and conditions of this Agreement, each of the Investors hereby agrees to subscribe at the Closing and the Company hereby agrees to allot and issue to each of the Investors at the Closing, such number of Series B-1 Preferred Shares as set forth opposite the name of such Investor in Schedule II (the “**Subscription Shares**”) at the per share price of US\$ 865.91. The purchase price payable by each Investor (the “**Subscription Price**”) is as set forth opposite the name of such Investor in Schedule II. The Subscription Shares, when issued at the Closing, will comprise such percentage of the Company’s allotted and issued share capital on a fully-diluted and as converted basis as set forth opposite the name of each Investor in Schedule II. Schedule V sets forth the capitalization table of the Company immediately before the Closing, and Schedule VI sets forth the capitalization table of the Company immediately after the Closing.

**2.2 Payment of Subscription Price.** The Subscription Price shall be paid in available US\$ by the Investors to the bank account as designated by the Company on the date of the Closing, unless otherwise agreed by the Company and the Investors.

**2.3 Closing.** The consummation of the subscription and issuance of all the Subscription Shares pursuant to Section 2.1 (the “**Closing**”) shall take place remotely via the exchange of documents and signatures as soon as possible after the date hereof but in any event before April 23, 2019 (the “**Long Stop Date**”). For the avoidance of doubt, each Investor’s obligation to consummate the Closing is several and not joint and, in the event that any Investor does not close on the Closing Date, as long as any other Investor determines to consummate the Closing, the Company shall consummate the Closing with such other Investor pursuant to the terms and conditions of this Agreement.

### 2.4 Closing Deliveries

At the Closing, the Company shall deliver (or cause to be delivered) to each Investor, in addition to all other closing deliveries set forth in Section 5 and Section 6, pursuant to Section 2.1:

(i) a copy of the Register of Members of the Company, duly certified by the registered agent of the Company, updated to reflect the subscription of the applicable Subscription Shares by each of the Investors;

(ii) a copy of duly executed share certificate issued in the name of such Investor representing the applicable Subscription Shares being issued to such Investor at the Closing, with the original (duly executed for and on behalf of the Company) to be delivered to such Investor within ten (10) Business Days after the Closing;

(iii) a copy of the Memorandum and Articles duly adopted by the Board and shareholders of the Company in the form attached hereto as Exhibit A, with evidence of the filing

of such adopted Memorandum and Articles with the Registrar of Companies in the Cayman Islands to be delivered to such Investor within twenty (20) Business Days after the Closing;

(iv) a copy of the Investors' Rights Agreement duly executed by relevant Parties in the form attached hereto as Exhibit C;

(v) documents evidencing that each of the Founder Parties, Angel Investor Parties, Series A Investors and Series B Investors has waived or has been deemed to waive its pre-emption right with respect to the Subscription Shares; and

(vi) a certificate duly executed by one director of the Company (a) stating that the conditions specified in Section 5 have been fulfilled as of the Closing and (b) attaching thereto copies of all resolutions that shall approve the transactions contemplated under the Transaction Documents, including without limitation, (i) the entry into this Agreement, (ii) the adoption of the Memorandum and Articles in the form attached hereto as Exhibit A, and (iii) the adoption of the Investors' Rights Agreement in the form attached hereto as Exhibit C.

### 3. Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties.

The Group Company Parties, Haode Investment and the Founder Parties hereby jointly and severally represent and warrant to the Investors that each of the following statements is true, complete and accurate as of the date of this Agreement and the Closing (other than as otherwise provided in this Agreement, or fairly, accurately and specifically qualified or excepted in the Disclosure Schedule attached hereto as Exhibit B (the "**Disclosure Schedule**")):

#### 3.1 Organization; Good Standing; Qualification.

(i) Each Group Company is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its establishment. Schedule V sets forth a true, complete and accurate capitalization table of the Company immediately before the Closing, and Schedule VI sets forth a true, complete and accurate capitalization table of the Company immediately after the Closing.

(ii) Each Group Company has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted and is duly qualified to transact business in each jurisdiction in which it operates its business.

(iii) Each of Founder A Holdco, Founder B Holdco and Haode Investment is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. Each of the Company, the HK Company and the BVI Company is a holding company and save for their holding of the share capital in the relevant Subsidiaries, none of them has carried out any business since the date of its incorporation and does not have any assets or liabilities. For the avoidance of doubt, if the HK Company carries out any business after the Closing, it shall not be deemed as a violation of this Section.

(iv) Except as disclosed in Section 3.1 of the Disclosure Schedule, each Group Company has obtained all permits, licenses necessary for the effective operation of its business.

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#### 3.2 Capitalization and Voting Rights.

(i) The capitalization of the Company immediately before the Closing will consist of (i) 45,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding, and (v) 1,000,000 Series B Preferred Shares, among which 279,152 Series B Preferred Shares are issued and outstanding. The capitalization of the Company immediately after the Closing will consist of (i) 44,400,000 authorized Ordinary Shares, among which 750,000 Ordinary Shares are issued and outstanding; (ii) 1,000,000 Angel-1 Shares, among which 915,750 Angel-1 Shares are issued and outstanding; (iii) 600,000 Angel-2 Shares, among which 513,000 Angel-2 Shares are issued and outstanding; (iv) 2,000,000 Series A Preferred Shares, among which 544,688 Series A Preferred Shares are issued and outstanding; (v) 1,000,000 Series B Preferred Shares, among which 279,152 Series B Preferred Shares are issued and outstanding and (vi) 1,000,000 Series B-1 Preferred Shares, among which 188,393 Series B-1 Preferred Shares are issued and outstanding;

(ii) Except as disclosed in Section 3.2 of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), or other third party rights of any kind, proxy or shareholders agreements or agreements of any kind for the purchase, exchange or acquisition of any Group Company of any of their securities.

(iii) The Company is not subject to any obligation (contingent or otherwise) to purchase or otherwise acquire or retire any equity interest held by its shareholders or to purchase or otherwise acquire or retire any of its other outstanding securities.

**3.3 Group Structure.** Part A of Schedule I sets forth a true, complete and accurate list of all of the Company's Subsidiaries and their respective registered capital and paid-in capital as of the date of this Agreement (for the avoidance of doubt, the Subsidiaries in the list shall not include branch offices of the Group Companies). Part B of Schedule I sets forth a true, complete and accurate group structure chart of the Group Companies showing the shareholding and Control relationships among the Group Companies as of the date of this Agreement. None of the Group Companies owns or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity that is not a Group Company. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

**3.4 Authorization.** Each of the Founder Parties, Haode Investment, and the Group Company Parties has all requisite power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to carry out and perform its obligations hereunder and thereunder. All corporate action on the part of each of the Founder Parties, Haode Investment, the Group Company Parties and their respective officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and each other Transaction Document to which it is a party, the performance of all obligations of each of the Group Company Parties hereunder and thereunder, and the authorization, allotment, issuance (or

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reservation for issuance) and delivery by the Company of the Series B-1 Preferred Shares being issued hereunder and the Ordinary Shares issuable upon conversion of such Series B-1 Preferred Shares being issued hereunder, has been taken or will be taken prior to or on the Closing. Each Transaction Document to which each of the Founder Parties, Haode Investment, and the Group Company Parties is a party has been duly executed and delivered by each such party and constitutes valid and legally binding obligations thereof, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. Except as disclosed in Section 3.4 of the Disclosure Schedule, none of the issuance of: (a) the Subscription Shares or (b) the Conversion Shares is subject to any preemptive rights or other similar rights or limitations.

### **3.5 Valid Issuance of Series B-1 Preferred Shares.**

(i) The Series B-1 Preferred Shares that are being subscribed by or issued to the Investors hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents. The Ordinary Shares issuable upon conversion of the Series B-1 Preferred Shares subscribed under this Agreement, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, and fully paid, and will be free of any Liens and/or restrictions on transfer other than such restrictions on transfer as may be imposed by the Transaction Documents.

(ii) All presently outstanding shares of the Company are duly and validly issued, and fully paid, and have been issued in full compliance with Applicable Laws, including to the extent applicable, the Securities Act and all other antifraud and other provisions of applicable securities laws and regulations.

**3.6 Consents.** No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any of the Group Company Parties, the Founder Parties, or Haode Investment will be required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby is required, which has not already been secured or effected or will be secured or effected prior to the Closing.

**3.7 Offering.** The offer, sale and issuance of the Series B-1 Preferred Shares and the Conversion Shares (when issued), as contemplated by this Agreement, is not required to comply with or is otherwise exempt from any registration and prospectus delivery and related requirements of the Securities Act and any applicable securities laws, and neither the Company nor any authorized agent acting on its behalf has taken or will take any action that would result in the Company having to comply with such requirements or cause the loss of such exemptions.

**3.8 Books and Records; Minutes.** All accounts, ledgers, material files, documents, instruments, papers, books and records relating to the business, operations, conditions (financial or other) of each Group Company, results of operations, and assets and properties of each Group

Company (collectively, the “**Books and Records**”), each as demonstrated to the Investors and their representatives, are true, correct and complete in all material respects, there are no material inaccuracies or discrepancies of any kind contained or reflected therein, and they have been maintained in accordance with relevant legal requirements and industry standards, as applicable, including the maintenance of an adequate system of internal controls. The minute books of the Company, as demonstrated to the Investors and its representatives, contain complete and accurate records of all meetings of and corporate actions or written consents by the shareholders and the board of directors of such Group Company and, to the extent that such minute books are deficient, all material information not contained in such minutes has been conveyed to the Investors in other written form.

### 3.9 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax (as defined below) returns, statements, reports, declarations and other forms and documents (“**Tax Returns**”) that are required to have been filed by it with any Governmental Authority, except where the failure to timely file Tax Returns would not have a Material Adverse Effect, (b) has timely paid all Taxes owed by it which are due and payable, except where the failure to pay Tax would not have a Material Adverse Effect, and (c) has correctly deducted or withheld all Tax which it has been obliged under Applicable Laws to deduct or withhold, and has properly accounted to the relevant Governmental Authority for all amounts of Tax so deducted or withheld, except where the failure to correctly deduct, withhold or properly account would not have a Material Adverse Effect. For purposes of this Agreement, the following terms have the following meanings: “**Tax**” (and, with correlative meaning, “**Taxes**” and “**Taxable**”) means any and all taxes including, without limitation, any income, alternative or add-on minimum tax, gross income, gross receipts, sales use, ad valorem, transfer, franchise, profits, value added, net worth, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any United States, Cayman Islands, British Virgin Islands, PRC, Hong Kong or other local or foreign Governmental Authority or regulatory body responsible for the imposition of any such tax (domestic or foreign) (a “**Tax Authority**”).

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete.

(iii) Since the Statement Date, no Group Company has incurred any Liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax Authority relating to any of the Tax Returns filed by any Group Company or other Tax matters, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax Authority relating to the conduct of its business or the payment or withholding of Taxes.

(v) No Group Company is or has ever been a PFIC or CFC. No Group Company anticipates that it will become a PFIC or CFC for the current Taxable year or any future Taxable year.

**3.10 Litigation.** Except as disclosed in Section 3.10 of the Disclosure Schedule, there is no litigation, arbitration, administrative investigation or other proceeding pending or threatened (whether or not the defense thereof or liabilities in respect thereof are covered by insurance) against or significantly affecting any Group Company, or any of its respective assets or properties, nor do any facts exist which would likely give rise to any such litigation, arbitration or proceeding, except where such litigation, arbitration or proceeding would not have a Material Adverse Effect on the Group Companies taken as a whole. There has not been any investigation, enquiry or disciplinary proceeding by any Governmental Authorities concerning any Group Company and none is pending or threatened.

**3.11 Compliance with Applicable Laws.**

(i) Except as disclosed in Section 3.11 of the Disclosure Schedule, each Group Company, is, and at all times has been, in full compliance with all Applicable Laws in all material respects.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of any Group Company to comply with any Applicable Law, except where the failure to be in compliance would not have a Material Adverse Effect or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iii) No Group Company has received any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, possible, or potential violation of, or failure to comply with, any Applicable Law, or (b) any actual, alleged, possible, or potential obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iv) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no Group Company or any director, agent, employee or any other person acting for or on behalf of such Group Company, has directly or indirectly (a) made any contribution, gift, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, property, or services to any person (w) to obtain favorable treatment in securing business for such Group Company or any other member of the Group Company, (x) to pay for favorable treatment for business secured, (y) to obtain special concessions or for special concessions already obtained, for or in respect of such Group Company or any other Group Company, or (z) in violation of any Applicable Law, including the FCPA, or (b) established or maintained any fund or assets in which such Group Company has proprietary rights that have not been recorded in the Books and Records of such Group Company.

**3.12 Compliance with Instruments.** No Group Company is in, nor will the conduct of business of any of them as proposed to be conducted result in, any violation, breach or default of the Memorandum and Articles or any other constitutional documents (which include, as applicable, any articles of incorporation, by-laws, joint venture contracts and the like), or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon any of them. The execution, delivery and performance of any Transaction Documents, and the consummation of the transactions contemplated herein and therein, will not result in any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either (a) a default under the Memorandum and Articles or similar charter documents of any Group Company or any such contract, agreement or instrument to which any Group Company, Founder Party or Haode Investment is a party or to which the assets of any Group Company are subject, (b) an event which results in the creation of any Lien, charge or encumbrance upon any asset of any Group Company, or (c) any violation of Applicable Laws.

**3.13 Intellectual Property Rights.**

(i) The Group Companies exclusively own all right, title and interest in and to the IP Assets, free and clear of any Liens. No Group Company or, to the knowledge of the Founder Parties, Haode Investment and Group Company Parties, none of the Group's employees, officers or directors has taken any actions or failed to take any actions that would cause any of IP Assets to be invalid, unenforceable or not subsisting. No IP Asset is the subject of any security interest, Lien, license or other contract granting rights therein to any other Person. No Group Company has (a) transferred or assigned, (b) granted a license to, or (c) provided to, any Person any IP Asset.

(ii) (a) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, (i) neither any IP Assets nor their use infringe upon or misappropriate the rights of any other Person and (ii) none of the IP Assets is infringed upon or misappropriated by any other Person; and (b) none of the Founder Parties, Haode Investment or the Group Companies has received any claim, any cease and desist or equivalent letter, any invitation to enter into a license, or any other notice of any allegation that any IP Assets or their use infringes upon, misappropriates or otherwise violates the Intellectual Property of any third parties or requires any payment to another Person.

(iii) Any registrations with and applications to Governmental Authorities in respect of any IP Assets required by Applicable Laws have been made, are valid and in full force and effect.

(iv) The Founder Parties, Haode Investment and the Group Companies have taken all necessary steps to protect and preserve the secrecy, confidentiality and value of the IP Assets and any related trade secrets and know-how.

**3.14 Compliance with the Employment Agreement.** Each of the Founders and Key Employees has entered into customary employment agreement, non-competition agreement, confidentiality agreement and assignment of inventions agreement with one of the Group Companies in the forms satisfactory to the Investors. The terms of such agreements are binding on and enforceable against the Founders and the Key Employees under Applicable Laws. None of the Group Companies, the Founders and the Key Employees is or has been in violation of such

agreement. Each Group Company has not given any notice of termination to or received any notice of resignation from any Founder or any Key Employee.

### 3.15 Compliance with the FCPA.

(i) The Founder Parties, Haode Investment and the Group Companies have been and are in full compliance with the FCPA in all respects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Founder Parties, Haode Investment and the Group Companies of, or a failure on the part of any of the Founder Parties, Haode Investment and the Group Companies to comply with, the FCPA.

(ii) To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, all the officers, directors, employees, agents and representatives of the Company (collectively, the “**Company Personnel**”) have been and are in full compliance with the FCPA in all respects. To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no event has occurred and no circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation by any of the Company Personnel of, or a failure on the part of any of the Company Personnel to comply with, the FCPA.

**3.16 Financial Statements.** The Company has allowed each Investor to review the audited financial statements (including balance sheets, income statements and statements of cash flow) of the Company for the period from its inception ended as of December 31, 2018 (the “**Statement Date**”) (collectively, the “**Financial Statements**”). The Financial Statements (a) have been prepared on a consolidated basis in accordance with the books and records of the Group Companies, (b) fairly present the financial condition and position of the Group Companies as of the dates indicated therein and the results of operations and cash flows of the Group Companies for the periods indicated therein, and (c) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applied on a consistent basis throughout the periods involved. The Group’s accounting records are accurate, up-to-date, in its possession and properly completed in accordance with the applicable accounting standards and Applicable Laws.

**3.17 Liabilities.** Except as disclosed in Section 3.17 of the Disclosure Schedule, no Group Company has any Liabilities of the type required to be disclosed on the Financial Statements except for (i) liabilities set forth in the Financial Statements that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices and which do not exceed RMB 5,000,000 in the aggregate. None of the Group Companies is a guarantor or indemnitor or has provided security to secure any Liabilities of any other Person (other than a Group Company).

### 3.18 Title.

(i) Except as disclosed in Section 3.18 of the Disclosure Schedule, the Group Companies have good and valid title to, or a valid leasehold interest in, all of their assets, whether real, personal or mixed, purported to be owned by them, free and clear of any Liens. The foregoing assets collectively represent in all material respects all assets, rights and properties necessary for the effective conduct of the business of the Group as currently conducted and as proposed to be

conducted by the Group. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford such Group Company valid leasehold possession of the real or personal property that is the subject of the lease.

(ii) All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

**3.19 Labor Matters.** There is no, and there has not been during the past one (1) year, any dispute relating to the violation or alleged violation of any Applicable Law by any Group Company pertaining to labour relations or employment matters that may have a Material Adverse Effect on any Group Company, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company. Each Group Company is in compliance with the Applicable Laws relating to its provision of any form of social insurance and housing fund (the “**Social Insurance**”), and has fully and timely paid all Social Insurance contributions required under the Applicable Laws for all of employees, except where the failure to be in compliance would not have a Material Adverse Effect and as disclosed in Section 3.19 of the Disclosure Schedule.

**3.20 Changes Since the Statement Date.** Since the Statement Date:

- (i) each Group Company’s business has been operated in the ordinary course as a going concern;
- (ii) there has been no Material Adverse Effect to any Group Company or the Group taken as a whole;
- (iii) no material change has occurred in the assets and liabilities shown in the Financial Statements except for those occurred in the ordinary course of business of the Group; and
- (iv) no Group Company has declared, paid or made a dividend or distribution except as provided in the Financial Statements.

**3.21 Agreements.** To the knowledge of the Founder Parties, Haode Investment and Group Company Parties, no fact or circumstance exists which might invalidate or give rise to a ground for termination of any material agreement, arrangement or obligation to which any Group Company is a party. No party with whom any Group Company has entered into any material agreement, arrangement or obligation has given notice of its intention to terminate such agreement, arrangement or obligation. Neither a Group Company nor any party with whom any Group Company has entered into any agreement, arrangement or obligation is in material breach of such agreement, arrangement or obligation. No Group Company is a party to, or is liable under, a long term, onerous or unusual agreement, arrangement or obligation including, without limitation an agreement, arrangement or obligation:

- (i) entered into other than in the ordinary course of its business; or

(ii) restricting any Group Company's freedom to operate the whole or part of its business or to use any of its assets.

**3.22 Real Property.** None of the Group Companies owns any real property.

**3.23 Foreign Exchange.** Except as disclosed in Section 3.23 of the Disclosure Schedule, the Founder Parties, Haode Investment, the Angel Investor Parties and any PRC domestic resident who has any beneficial interest in the Company, Haode Investment or Angel Investor Parties or any offshore holding company which holds any beneficial interest in the Company has obtained all necessary approvals from and made all necessary filings and registrations with all Governmental Authorities in connection with the establishment or control of the Company or the relevant holding company (as the case may be). No other approvals are required to be obtained from and no other filings or registrations are required to be made with SAFE to enable any Group Company in the PRC to remit dividends or other forms of profits outside of the PRC to the Company in a freely convertible foreign currency.

**3.24 Related Party Agreements.** Except as disclosed in Section 3.24 of the Disclosure Schedule, there has not been any agreement or arrangement (legally enforceable or not) with an amount over RMB 5,000,000 between, on the one hand, any Group Company and, on the other hand, (a) any Founder Party, Haode Investment or Angel Investor Party, (b) any of the respective Affiliates of the Persons referred to in the foregoing clause (a), (c) any shareholder, director or manager of any Group Company, any Founder Party, Haode Investment, any Angel Investor Party or any of their Affiliates, or (d) any Person connected with any of the Persons referred to in the foregoing clauses (a) to (c) (including immediate family members).

**3.25 Bankruptcy, Insolvency and Winding Up.** No proceedings have commenced or are pending for the bankruptcy, insolvency, winding up, liquidation or reorganisation of any Group Company. No Group Company is bankrupt or insolvent. Each Group Company is able to pay its debts as they fall due and has sufficient assets to repay all of its debts.

**3.26 Full Disclosure.** The Founder Parties, Haode Investment and the Company have provided the Investors with all the information that the Investors have requested for deciding whether to consummate the transactions contemplated under this Agreement. None of the Transaction Documents or any other statements or certificates or other materials made or delivered, or to be made or delivered, to the Investors in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. No representation or warranty by the Founder Parties, Haode Investment or the Group Company Parties in this Agreement and no information or materials provided to the Investors in connection with their due diligence investigation of any Group Company or the negotiation and execution of the Transaction Documents, taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances in which they are made, not misleading.

#### 4. Representations and Warranties of the Investors.

Each Investor, severally but not jointly, hereby represents and warrants to the Company that each of the following statements is true, complete and accurate with respect to itself, as the date of this Agreement and as of the Closing:

**4.1 Organization; Good Standing; Qualifications.** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its establishment. It has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted and is duly qualified to transact business in each jurisdiction in which it operates business and where the failure to so qualify would have a Material Adverse Effect.

**4.2 Authorization.** It has all requisite power and authority to execute and deliver each Transaction Document to which it is a party and to carry out and perform its obligations thereunder. All actions on its part and its officers, directors and shareholders necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all its obligations thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document to which it is a party has been duly executed and delivered by it, and constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**4.3 Legal Funds.** The Subscription Price paid by such Investor shall be funds legally available to it under Applicable Laws.

**5. Conditions of the Investors' Obligation at the Closing.** The obligations of each Investor to complete the Closing are subject to the fulfillment of each of the following conditions, unless waived in writing by such Investor prior to the Closing:

**5.1 Representations and Warranties.** The representations and warranties of the Group Company Parties, Haode Investment and the Founder Parties contained in Section 3 which are qualified as to materiality shall be true, correct and complete, and each such representation and warranty that is not so qualified shall be true, correct and complete in all material respects, in each case on the date hereof and on the Closing Date as if made on and as of the Closing Date (except for such representations and warranties expressly stated herein to be made as of a specific date, which shall be true, correct and complete or true, correct and complete in all material respects (as the case may be) as of such date).

**5.2 Performance.** Each of the Parties other than the Investors shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**5.3 Qualifications.** Each of Parties hereto other than the Investors shall have obtained all authorizations, approvals, waivers or permits of any competent Governmental Authority or regulatory body that are required for the consummation of all of the transactions contemplated by the Transaction Documents, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body or any relevant third party,

and (ii) the waiver by the existing shareholders of the Company of any pre-emptive rights and all similar rights in connection with the issuance of the Subscription Shares at the Closing.

**5.4 Due Diligence.** Such Investor shall have completed its business, legal, financial due diligence investigation of the Group Companies to its satisfaction.

**5.5 Legal Opinions.** Such Investor shall have received from the Company opinions of the PRC legal counsel of the Group Companies dated as of the Closing Date in the form attached as Exhibit D.

**5.6 No Material Adverse Effect.** There shall not have occurred prior to the Closing any event or transaction reasonably likely to result in a Material Adverse Effect.

**5.7 Investors' Rights Agreement.** The requisite Parties shall have duly executed the Investors' Rights Agreement in accordance to Section 22.7 of the Second Amended IRA and delivered to such Investor the Investors' Rights Agreement in the form attached as Exhibit C.

**6. Conditions of the Company's and Founder Parties' Obligations at the Closing.** The obligations of the Company and Founder Parties with respect to any Investors under this Agreement at the Closing are subject to the fulfillment or the Company's written waiver prior to the Closing of each of the following conditions:

**6.1 Representations and Warranties.** The representations and warranties of such Investor contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

**6.2 Performance.** Such Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

**6.3 Investors' Rights Agreement.** Such Investor shall have duly executed and delivered to the Company the Investors' Rights Agreement in the form attached as Exhibit C.

**6.4 Waiver of Conditions.**

(i) At any time on or before the Closing Date, an Investor may waive a condition set out in Section 5, with respect to itself only, by notice to the Company and the Founder Parties on any terms such Investor decides.

(ii) At any time on or before the Closing Date, the Company may waive a condition set out in Section 6 with respect to an Investor by notice to such Investor on any terms it decides.

**7. Covenants.**

**7.1 Responsibility for Satisfaction of Conditions.** The Group Company Parties, Haode Investment and the Founder Parties shall make all reasonable efforts to achieve satisfaction of each condition set out in Section 5 as soon as possible and in any event not later than the Closing Date.

From the date hereof, the Group Company Parties, Haode Investment and the Founder Parties shall timely inform the Investors of and discuss with the Investors the status of the Group Company Parties', Haode Investment's and the Founder Parties' progress in fulfilling the closing conditions set forth in Section 5. If, at any time, any Group Company Party, Haode Investment, or Founder Party becomes aware of the satisfaction of any condition that it is responsible for the satisfaction or becomes aware of any fact or circumstance that might prevent any condition from being satisfied, it shall immediately inform the other Parties in writing.

**7.2 Further Assurances.** Each of the Group Company Parties, Haode Investment, and the Founder Parties agrees to from time to time execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as the Investors may reasonably request for the purpose of effectively carrying out the transactions contemplated by the Transaction Documents. This covenant shall survive the Closing.

**7.3 Pre-Closing Undertakings.** Between the date of this Agreement and the Closing Date, each of the Group Company Parties, Haode Investment, and the Founder Parties jointly and severally undertakes to the Investors to procure that each Group Company shall operate its business in the ordinary course so as to maintain that business as a going concern, and not to take actions or engage in or commit to transactions that are extraordinary in nature or would reasonably be expected to negatively impact the interest of a potential investor at or after the Closing.

**7.4 Use of Funds.** The proceeds received by the Company under this Agreement shall be used for the Group's ordinary course of business and the satisfaction of the related capital expenditure and cash flow requirements.

**7.5 Post-Closing Undertaking of the Group Company Parties, Haode Investment and the Founder Parties.** Each of the Group Company Parties, Haode Investment and the Founder Parties jointly and severally undertakes to the Investors that, such Party shall complete or cause relevant Persons to complete the following matters, within the timelines stated in this Section 7.5:

(i) as soon as practicable after the Closing, each of the Group Companies (including branches thereof) shall obtain necessary permits and licenses necessary for the effective operation of its business, except that with respect to (a) the business license and (b) the food operation permit of a Group Company, a Party shall not be deemed to have breached this covenant as long as such Group Company uses its good faith and makes its reasonable efforts to obtain such license and permit in due course; and

(ii) as soon as practicable after the Closing, the Group Companies shall use their best efforts to obtain the essential PRC trademarks that are necessary for the effective operation of its business.

**7.6 Xizang Trust.** Each Investor hereby acknowledges and agrees that on the Closing, Taide Investment Management Ltd, an Affiliates of Xizang Trust, will exercise its warrant and subscribe for 15,211 Series B-1 Preferred Shares of the Company in accordance with the Xizang Trust Cooperation Memorandum. Schedule VI sets forth the capitalization table of the Company immediately after the Closing.

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## **8. Confidentiality.**

**8.1 Disclosure of Terms.** The terms and conditions of this Agreement, all exhibits and schedules attached hereto and the transactions contemplated hereby (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any Party to any third party without the prior written consent of all other Parties except in accordance with the provisions set forth below.

**8.2 Permitted Disclosures.** Notwithstanding the foregoing, each of the Company and the Investors may disclose any of the Financing Terms to its general partners, limited partners, fund manager(s) and Affiliates and the current directors, employees, accountants and attorneys of the aforementioned parties, in each case only on an as-needed basis and where such Persons are under appropriate non-disclosure obligations.

**8.3 Legally Compelled Disclosure.** In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement or content of any of the Financing Terms in contravention of the provisions of this Section 8, such Party (the "**Disclosing Party**") shall, unless prohibited by law, provide the other Parties with prompt written notice of that fact and shall consult with the other Parties regarding such disclosure. The Disclosing Party shall, to the extent possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Notwithstanding anything to the contrary herein, the underlying investors in each of the BlackRock entities (the "**Underlying Investors**") may disclose information regarding the Group (the Underlying Investor having received such information pursuant to Section 8 hereof) that it is required to disclose under applicable law or regulation.

**8.4 Other Exceptions.** Notwithstanding any other provision of this Section 8, the confidentiality obligations of the Parties shall not apply to: (a) information which a restricted Party learns from a third party having the right to make the disclosure, provided the restricted Party complies with any restrictions imposed by the third party; (b) information which is in the restricted Party's possession prior to the time of disclosure by the protected Party and not acquired by the restricted Party under a confidentiality obligation; (c) information which enters the public domain without breach of confidentiality by the restricted Party, or (d) in the case of an Investor, information required to be disclosed under securities laws or the rules of any stock exchange applicable to such Investor.

## **8.5 Press Releases.**

(i) None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that no Group Company shall, issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Investors. None of the Group Company Parties, Haode Investment, and the Founder Parties shall, and they shall procure that none of the Group Companies shall, issue a press release or make any public announcement or other public disclosure

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with respect to any of the transactions contemplated herein, or use the name of an Investor or any of its Affiliates without obtaining in each instance the prior written consent of such Investor.

(ii) No Investor shall issue any press release or make any public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Company. No Investor shall issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Group Company Parties, Haode Investment, and the Founder Parties, or any of its respective Affiliates without obtaining in each instance the prior written consent of the Company.

#### **8.6 Effectiveness.**

(i) Subject to Section 8.6(ii), the provisions of this Section 8 shall survive the termination of this Agreement and shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the Parties with respect to the transactions contemplated hereby.

(ii) Sections 8.1 to 8.3 shall be terminated with respect to a Party upon its execution of the Investors' Rights Agreement and superseded by the confidentiality obligations set out therein in Section 18 of the Investors' Rights Agreement.

### **9. Indemnification.**

**9.1 General.** Without prejudice to any other right or remedy available, the Founder Parties, Haode Investment and the Group Company Parties (each, an "**Indemnifying Party**") shall jointly and severally indemnify on an after Tax basis and hold the Investors, their Affiliates and their respective representatives, together with their respective successors and permitted assigns (each, an "**Indemnified Party**"), harmless from and against any and all Indemnifiable Loss resulting from, arising out of or relating to: (i) any breach of any representation or warranty of any Indemnifying Party contained in any Transaction Document (without regard to the materiality qualifiers contained therein), (ii) the nonperformance, partial or total, of any covenant of any Indemnifying Party contained in any Transaction Document, (iii) any failure by the VIE Entity to obtain or maintain the ICP License and (iv) the failure to execute and effect any Control Document pursuant to Section 7.5 or any breach or non-compliance with any Control Document by any party thereto.

**9.2 Notice of Claims.** If an Indemnified Party makes any claim or demand against an Indemnifying Party for indemnification, the claim or demand shall be in writing and shall state in general terms the facts upon which the Indemnified Party makes the claim or demand. If such notice is not given, it will not release any Indemnifying Party, in whole or in part, from its obligations under this Section 9, except to the extent that such Indemnifying Party's ability to defend against claim or demand is materially and actually prejudiced thereby.

**9.3 Survival.** The Fundamental Representations of the Founder Parties, Haode Investment and the Group Company Parties contained in the Transaction Documents shall survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties hereto contained in this Agreement or in any certificate delivered pursuant hereto or in connection herewith shall survive the Closing indefinitely or for the shorter period explicitly

specified therein, *provided* that for such covenants and agreements that survive for such shorter period, claims for breaches thereof shall survive indefinitely or until the latest date permitted by Law. Notwithstanding the foregoing, if notice of any claim or demand for indemnification shall have been given, such claim or demand shall survive the time at which it would otherwise terminate.

## 10. Miscellaneous.

**10.1 Investor's Knowledge not a Defense.** Nothing disclosed by the Group Company Parties, Haode Investment or the Founder Parties to the Investors other than in the Disclosure Schedule shall constitute disclosure for the purposes of this Agreement. No other knowledge of an Investor or its advisers relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by such Investor for breach of Section 3 (Representations and Warranties of the Group Company Parties, Haode Investment and the Founder Parties). The Group Company Parties, Haode Investment and the Founder Parties shall not invoke the knowledge of an Investor or its advisers (actual, constructive or imputed) of a fact or circumstance which might make any statement in Section 3 untrue or inaccurate as a defense to a claim for breach of Section 3.

**10.2 Termination.** This Agreement may be terminated, and the transactions contemplated hereby may be abandoned at any time:

(i) by mutual agreement prior to Closing;

(ii) upon written notice from an Investor with respect to itself only, a) in the event of a material breach of any Transaction Document by any of the Founder Parties, Haode Investment or Group Company Parties if such breach has not been cured within fifteen (15) Business Days following notification thereof prior to Closing, or b) in the event that the Closing has not been consummated by the Long Stop Date as a result of a Group Company Party's failure to perform its obligations hereunder; or

(iii) with respect to the agreements between an Investor and the Company, upon written notice from the Company with respect to such Investor only, a) in the event of a material breach of any Transaction Document by such Investor if such breach has not been cured within fifteen (15) Business Days following notification thereof prior to Closing, or b) in the event that the Closing has not been consummated by the Long Stop Date as a result of the Investor's failure to perform its obligations hereunder.

If this Agreement is terminated pursuant to this Section 10.2, all further obligations of the relevant Parties under this Agreement shall terminate, except for those obligations which are intended, expressly or implicitly, to survive the termination of this Agreement, provided, however, that no such termination of this Agreement shall relieve any Party of any liability for breaches of this Agreement occurring prior to the date of termination.

**10.3 Assignments and Transfers; Third Party Beneficiaries.** This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, permitted assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Investor hereunder shall be assignable (i) to an Affiliate of such Investor, or (ii) to any other assignee or transferee to whom such Investor transfers

Equity Securities, provided that such transferee agrees in writing to be bound by the terms of this Agreement by signing and delivering a joinder agreement in the form as set forth in Exhibit E (the “**Joinder Agreement**”). This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. For the avoidance of doubt, the terms of this Agreement are not intended to be enforceable by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by any person who is not a Party to this Agreement.

**10.4 Governing Law.** This Agreement shall be governed by and construed under the laws of Hong Kong without regard to principles of conflicts of law thereunder.

**10.5 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10.6 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not be considered in construing or interpreting this Agreement.

**10.7 Notices.** Any and all notices required or permitted under this Agreement shall be given in writing in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the date of transmission with receipt of a transmittal confirmation, (c) if transmitted by email, on the date of transmission, or (d) if by international courier service, on the fourth (4<sup>th</sup>) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. Any notice given pursuant to this Section 10.7 shall be addressed to the address, facsimile number or email address of the receiving Party as set forth on Schedule III of this Agreement or at such other addresses as such Party may designate by ten (10) days advance written notice to the other Parties hereto.

**10.8 Amendments and Waivers.** Except as otherwise provided in Section 6.4, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written instrument signed by the Company, the Investors and the Founder Parties.

**10.9 Severability.** If one or more provisions of this Agreement are held to be unenforceable under any Applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**10.10 Remedies Not Exclusive.** Each Party’s rights and remedies contained in this Agreement are cumulative and not exclusive of other rights or remedies provided by law.

**10.11 Entire Agreement.** This Agreement, the other Transaction Documents and the documents referred to herein and therein, together with all schedules and exhibits hereto and thereto, constitute the entire agreement among the Parties and no Party shall be liable or bound to any other

Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

#### 10.12 Tax and Expenses.

The Company shall pay all of its own costs, expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents, and each Investor shall pay all of its own costs and expenses, and Taxes incurred in connection with the transactions contemplated under this Agreement and the other Transaction Documents.

**10.13 Dispute Resolution.** Any dispute, controversy or difference between the Parties arising out of, in connection with or relating to, this Agreement (a “**Dispute**”) shall be resolved through arbitration pursuant to this Section 10.13. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the “**HKIAC**”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIAC Rules**”) in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the “**Claimant**”) and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the “**Respondent**”) shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 10.13 including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.13 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the Parties to the arbitration strictly in accordance with the substantive law of the Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney’s fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing Parties, and any Party may apply to a court of competent jurisdiction for enforcement of such award. A Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

*[The remainder of this page has been intentionally left blank.]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

#### **Bel45 Private Opportunities Fund, L.P.**

By: Bel45 Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Bel45 Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Tango Capital Opportunities Fund, L.P.**

By: Tango Capital Opportunities GP, LLC, as general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Tango  
Capital Opportunities Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**TSCL Private Markets Fund, L.P.**

By: TSCL Private Markets GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the TSCL Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**NDSIB Private Opportunities Fund, L.P.**

By: NDSIB Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the NDSIB Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Private Opportunities Fund IV, L.P.**

By: BlackRock POF IV (GP), LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the POF IV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BR POF IV Cayman Master Fund, L.P.**

By: BlackRock POF IV (GP), LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the POF IV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**High Rock Direct Fund, L.P.**

By: High Rock GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the High  
Rock Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock MD Private Opportunities Fund, L.P.**

By: BlackRock MD Private Opportunities GP, LLC, its general partner

By: BlackRock PEP Master Carry, L.P. (solely on behalf of the MD Series), its member manager

By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**1885 Private Opportunities Fund, L.P.**

By: 1885 Private Opportunities Fund GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the 1885 Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**NHRS Private Opportunities Fund, L.P.**

By: BlackRock NHRS GP, LLC, its general partner  
By: BlackRock PEP Master Carry L.P. (solely on behalf of the  
BR/NHRS Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Sullivan Way Private Opportunities Fund, L.P.**

By: Sullivan Way Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the SW  
Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Coin Private Opportunities, L.P.**

By: Coin Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Coin Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**POF III Scottish Master, L.P.**

By: BlackRock POF III (GP), LLC, its general partner  
By: BlackRock PEP Master Carry L.P. (solely on behalf of the POF III Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Inverwood Private Opportunities Fund, L.P.**

By: BlackRock Inverwood Private Opportunities GP, LLC, its general partner

By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Inverwood Series), its member manager

By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**OV Private Opportunities, L.P.**

By: BR/OV GP, LLC, as general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the BR/OV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

---

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Red River Direct Investment Fund III, L.P.**

By: Red River Private Equity III, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Red  
River III Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BR/ERB Co-Investment Fund II, L.P.**

By: BlackRock Private Equity NM II, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the  
BR/ERB II Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock MSV Private Opportunities Fund, L.P.**

By: BlackRock MSV Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the MSV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Private Equity Partners VII Master, L.P.**

By: BlackRock Investment Management, LLC

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Private Equity Partners VII US, L.P.**

By: BlackRock Investment Management, LLC

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Total Alternatives Fund — Private Equity LP**

By: Total Alternatives Fund (GenPar) LLC, its general partner

By: BlackRock ASG Master Carry, L.P. — TAF Series, its sole member

By: BlackRock Financial Management, Inc., its general partner

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Total Alternatives Fund — Private Equity (B) LP**

By: Total Alternatives Fund (GenPar) LLC, its general partner  
By: BlackRock ASG Master Carry L.P. — TAF Series, its sole member  
By: BlackRock Financial Management, Inc., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Private Opportunities Fund IV Master SCSp**

By: POF IV GP S.À.R.L.

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Darsana Master Fund LP

By: Darsana Capital LLC, its general partner

By: /s/ Chris Ferrante

Name: Chris Ferrante

Title: Authorized Signatory

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Inc.

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Signature Page  
Series B-1 SPA

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Investment Inc.

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee (Hong Kong) Limited

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhibin Zhu

Name: Zhibin Zhu

Title : Director

Company Seal:

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Company Seal:

/s/ Seal of China Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Tianjin Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Company Seal:

/s/ Seal of Tianjin Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Pingtian Luckin Coffee E-Commerce Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Company Seal:

/s/ Seal of Pingtian Luckin Coffee E-Commerce Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Technology Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Company Seal□

/s/ Seal of Beijing Luckin Coffee Technology Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Zhiya Qian

Signature: /s/ Zhiya Qian  
Zhiya Qian

Summer Fame Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Min Chen

Signature: /s/ Min Chen  
Min Chen

May Bliss Limited

By: /s/ Min Chen  
Name: Min Chen  
Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Haode Investment Inc.

By: /s/ GUO, Lichun

Name: GUO, Lichun

Title : Director

Signature Page

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**THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

THIS THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**") is made and entered into as of April 17, 2019, by and among:

1. Luckin Coffee Inc., an exempted company organized under the laws of the Cayman Islands with its company number of [ ] (the "**Company**");
  2. Luckin Coffee Investment Inc., a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the "**BVI Company**");
  3. Luckin Coffee (Hong Kong) Limited (████████████████), a company incorporated under the laws of Hong Kong, with its company number of [ ] (the "**HK Company**");
  4. Beijing Luckin Coffee Co., Ltd. (████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the "**Beijing WFOE**");
  5. China Luckin Coffee Co., Ltd. (████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the "**Xiamen WFOE**");
  6. Tianjin Luckin Coffee Co., Ltd. (████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the "**Tianjin WFOE**");
  7. Pingtan Luckin Coffee E-Commerce Co., Ltd. (████████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the "**Pingtan WFOE**");
  8. Beijing Luckin Coffee Technology Co., Ltd. (████████████████), a limited liability company incorporated under the laws of the PRC with its registered number of [ ] (the "**VIE Entity**"), and together with the Company, the BVI Company, the HK Company, the Beijing WFOE, the Xiamen WFOE, the Tianjin WFOE and the Pingtan WFOE, the "**Group Company Parties**");
  9. Zhiya Qian (□□□), a citizen of the PRC with identification number of [ ] (the "**Founder A**");
  10. Summer Fame Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the "**Founder A Holdco**");
  11. Min Chen (□□), a citizen of the PRC with identification number of [ ] (the "**Founder B**"), together with Founder A, collectively the "**Founders**" and each an "**Founder**");
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12. May Bliss Limited, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Founder B Holdco**”, together with Founder A, Founder A Holdco, Founder B, the “**Founder Parties**”, each a “**Founder Party**”);
13. Haode Investment Inc., a Company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Haode Investment**”);
14. Primus Investments Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands, with its company number of [ ] (the “**Angel Investor A**”);
15. Mayer Investments Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands, with its company number of [ ] (the “**Angel Investor B**”);
16. STAR GROVE GLOBAL LIMITED, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (the “**Angel Investor C**”, together with Angel Investor A and Angel Investor B are referred to herein collectively as the “**Angel-1 Investor Parties**” and each an “**Angel-1 Investor Party**”);
17. Lucky Cup Holdings Limited, a company incorporated and existing under the laws of the Cayman Islands, with its company number of [ ] (the “**Series A Investor A**” or “**Lucky Cup**”);
18. Joy Capital II, L.P., a limited partnership incorporated and existing under the laws of Cayman Islands, with its company number of [ ] (with respect to the Series A Preferred Shares held by it, the “**Series A Investor B**”, or with respect to the Series B Preferred Shares held by it, the “**Series B Investor A**”);
19. Joy Luck Management Limited, a company incorporated and existing under the laws of Hong Kong, with its company number of [ ] (with respect to the Series A Preferred Shares held by it, the “**Series A Investor C**”, or with respect to the Series B Preferred Shares held by it, the “**Series B Investor C**”);
20. Galaxy Shine Limited, a company incorporated and existing under the laws of Hong Kong with its company number of [ ] (with respect to the Series A Preferred Shares held by it, the “**Series A Investor D**”, or with respect to the Series B Preferred Shares held by it, the “**Series B Investor G**” or the “**Additional Series B Investor**”);
21. Carob Investment Pte Ltd, a company incorporated and existing under the laws of Singapore with its company number of [ ] (with respect to the Series A Preferred Shares held by it, the “**Series A Investor E**”, together with Series A Investor A, Series A Investor B, Series A Investor C, Series A Investor D and Haode Investment (with respect to the Series A Preferred Shares held by Haode Investment), the “**Series A Investors**”; or with respect to the Series B Preferred Shares held by it, the “**Series B Investor F**”);
22. Honour Ample Limited, a company incorporated and existing under the laws of the British Virgin Islands, with its company number of [ ] (the “**Series B Investor B**”);

23. Fortunate Cup Holdings Limited, a company incorporated and existing under the laws of the Cayman Islands, with its company number of [ ] (the “**Series B Investor D**” or “**Fortunate Cup**”);
24. Blue Fortune Limited, a company incorporated and existing under the laws of the Cayman Islands, with its company number of [ ] (the “**Series B Investor E**”, together with Series B Investor A, Series B Investor B, Series B Investor C, Series B Investor D, Series B Investor F and Series B Investor G, the “**Series B Investors**”);
25. Darsana Master Fund LP, a company incorporated under the laws of the Cayman Islands, with its company number of [ ] (the “**Darsana Investor**”)
26. Bel45 Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
27. Tango Capital Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
28. TSCL Private Markets Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
29. NDSIB Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
30. BlackRock Private Opportunities Fund IV, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
31. BR POF IV Cayman Master Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
32. High Rock Direct Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
33. BlackRock MD Private Opportunities Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands;
34. 1885 Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
35. NHRS Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
36. Sullivan Way Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
37. Coin Private Opportunities, L.P., a limited partnership formed under the laws of the State of Delaware, USA;

38. POF III Scottish Master, L.P., a limited partnership formed under the laws of Scotland, UK;
39. BlackRock Inverwood Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
40. OV Private Opportunities, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
41. Red River Direct Investment Fund III, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
42. BR/ERB Co-Investment Fund II, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
43. BlackRock MSV Private Opportunities Fund, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
44. Private Equity Partners VII Master, L.P., a limited partnership formed under the laws of Scotland, UK;
45. Private Equity Partners VII US, L.P., a limited partnership formed under the laws of the State of Delaware, USA;
46. Total Alternatives Fund — Private Equity LP, an exempted limited partnership formed under the laws of the Cayman Islands;
47. Total Alternatives Fund — Private Equity (B) LP, an exempted limited partnership formed under the laws of the Cayman Islands;
48. BlackRock Private Opportunities Fund IV Master SCSp, a *société en commandite spéciale* (special limited partnership) formed under the laws of Luxembourg (Party (26) through Party (48), collectively, the “**BlackRock Investors**” and each, a “**BlackRock Investor**”); and
49. Taide Investment Management Ltd, a company incorporated under the laws of the British Virgin Islands, with its company number of [ ] (“**Taide Investment**”, and together with the Darsana Investor and the BlackRock Investors, the “**Series B-1 Investors**” and each, a “**Series B-1 Investor**” and the Series B- 1 Investors together with the Series A Investors and the Series B Investors, the “**Investors**”).

The Group Company Parties, the Founder Parties, Haode Investment, the Angel-1 Investor Parties and the Investors are referred to collectively herein as the “**Parties**”, and each individually as a “**Party**”.

#### **RECITALS**

WHEREAS, the Group Company Parties, the Founder Parties, Haode Investment, the Angel-1 Investor Parties and the Series A Investors entered into a Series A Preferred Share

Purchase Agreement (the “**Series A SPA**”), dated June 22, 2018, pursuant to which the Series A Investors acquired certain number of Series A Preferred Shares of the Company;

WHEREAS, an Investors’ Rights Agreement was entered into on June 29, 2018 by and among the Group Company Parties, the Founder Parties, Haode Investment, the Angel-1 Investor Parties and the Series A Investors (the “**Original IRA**”);

WHEREAS, the Group Company Parties, the Founder Parties, Haode Investment, Series B Investor A, Series B Investor B, Series B Investor C, Series B Investor D, Series B Investor E and Series B Investor F entered into a Series B Preferred Share Purchase Agreement (the “**Series B SPA**”), dated November 2, 2018, pursuant to which Series B Investor A, Series B Investor B, Series B Investor C, Series B Investor D, Series B Investor E and Series B Investor F acquired certain number of Series B Preferred Shares of the Company;

WHEREAS, an Amended and Restated Investors’ Rights Agreement was entered into on November 15, 2018 by and among the Group Company Parties, the Founder Parties, Haode Investment, the Angel-1 Investor Parties, the Series A Investors, Series B Investor A, Series B Investor B, Series B Investor C, Series B Investor D, Series B Investor E and Series B Investor F (the “**Amended IRA**”);

WHEREAS, the Group Company Parties, the Founder Parties, Haode Investment and Additional Series B Investor entered into an Additional Series B Preferred Share Purchase Agreement (the “**Additional Series B SPA**”), dated January 9, 2019, pursuant to which Additional Series B Investor acquired certain number of Series B Preferred Shares of the Company;

WHEREAS, a Second Amended and Restated Investors’ Rights Agreement was entered into on January 9, 2019 by and among the Group Company Parties, the Founder Parties, Haode Investment, the Angel-1 Investor Parties, the Series A Investors and the Series B Investors (the “**Second Amended IRA**”);

WHEREAS, on April 10, 2019, Xizang Trust Co., Ltd.(“**Xizang Trust**”) has issued a notice to the Company entitling Taide Investment, an Affiliate of Xizang Trust to subscribe for certain numbers of Shares of the Company as a result of exercising the warrant which was entered into on June 28, 2018 by and among the Group Company Parties, the Founder Parties, Haode Investment and Xizang Trust (the “**Exercise Notice**”);

WHEREAS, the Group Company Parties, the Founder Parties, Haode Investment, the Darsana Investor and the BlackRock Investors entered into a Series B-1 Preferred Share Purchase Agreement (the “**Series B-1 SPA**”), dated April 12, 2019, pursuant to which Series B-1 Investors intended to acquire certain number of Series B-1 Preferred Shares of the Company;

WHEREAS, in connection with the consummation of the transactions contemplated by the Series B-1 SPA, the Parties enter into this Agreement for the governance, management and operations of the Group Companies and for their rights and obligations between and among the Company and its Shareholders.

**WITNESSETH**

In consideration of the premises set forth above and the mutual promises set forth in this Agreement, the Parties hereby agree as follows:

**1. Interpretation.**

**1.1 Definitions.** The following terms used in this Agreement shall have the meanings set forth below. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings set forth in the Series B-1 SPA.

“**Affiliate**” means, with respect to any given Person, a Person that Controls, is Controlled by, or is under common Control with the given Person.

“**Agent**” means, with respect to an entity, any director, officer, employee or other representative of such Person; any Person for whose acts such entity may be vicariously liable; and any other Person that acts for or on behalf of, or provides services for or on behalf of, such entity, in each case, whilst acting in his capacity as such.

“**Angel Shares**” means the Angel-1 Shares and the Angel-2 Shares, collectively.

“**Angel-1 Shares**” means the Company’s angel-1 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Angel-2 Shares**” means the Company’s angel-2 shares, with the rights and privileges as provided in the Memorandum and Articles.

“**Anti-Bribery Laws**” means (i) to the extent applicable to any Group Company Parties or any of its Agents from time to time, the US Foreign Corrupt Practices Act 1977, as amended, and the United Kingdom Bribery Act 2010, and (ii) any anti-bribery and anti-corruption laws or regulations in the PRC and any other jurisdiction where any Group Company Parties is established, holds assets or operates, or in which its products are sold.

“**Anti-Money Laundering Laws**” means the financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, all applicable PRC anti-money laundering laws, as amended, and all money laundering-related laws of other jurisdictions where any Party conducts business or owns assets, and any related or similar law issued, administered or enforced by any Governmental Authority.

“**Applicable Laws**” means, with respect to any Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, and (b) notices, orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or a day that the banks in PRC, Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands are required by law or executive order to be closed.

“**Closing**” has the meaning set forth in Section 2 of the Series B-1 SPA.

“**Closing Date**” means, with respect to Darsana Investor and BlackRock Investors, the “Closing Date” as defined under the Series B-1 SPA; and with respect to Taide Investment, the date of the payment of the exercise price under the Exercise Notice.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at shareholder’s meetings of such Person or power to appoint a majority of the members of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**Conversion Price**” means the Series A Conversion Price with respect to a Series A Preferred Share, the Series B Conversion Price with respect to a Series B Preferred Share and the Series B-1 Conversion Price with respect to a Series B-1 Preferred Share.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of the Preferred Shares and Angel Shares.

“**Directors**” means the directors for the time being of the Company, which, for the avoidance of doubt, shall not include any Observer, and a “**Director**” means any of the Directors.

“**Equity Securities**” means any Ordinary Shares and Ordinary Share Equivalents.

“**Fully-Diluted Basis**” means (i) as applied to the Company, the number of Ordinary Shares which would be outstanding if (a) all securities convertible into or exchangeable for Ordinary Shares held by all shareholders were converted or exchanged in full and (b) all securities exercisable for Ordinary Shares were exercised in full, including all Option Shares, and (ii) as applied to a particular Person, the number of Ordinary Shares which would be held by such Person if all securities convertible into, exchangeable for or exercisable for Ordinary Shares held by such Person were converted or exchanged or exercised in full.

“**Governmental Authority**” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the PRC, any foreign country or any domestic or foreign state, county, city or other political subdivision including without limitation MOFCOM, SAFE, SAIC and their respective local and provincial branches or departments.

“**Group**” means the Group Companies collectively.

“**Group Company**” means each of the Company and its Subsidiaries from time to time (Schedule I of the Series B-1 SPA sets forth all of the Company’s Subsidiaries as of the date of the Series B-1 SPA) and collectively, the “**Group Companies**”.

“**Holders**” means the Investors, together with any permitted transferees and assignees of the Investors (each a “**Holder**”).

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**IP Assets**” has the meaning set forth in the Series B-1 SPA.

“**IPO**” means an initial public offering of the Company.

“**Joy Capital**” means, collectively, Joy Capital II, L.P., Joy Luck Management Limited and Honour Ample Limited, and their permitted assigns.

“**Liquidation Event**” means (a) any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, (b) a sale or other disposition of all or substantially all of the assets of the Company (for the avoidance of doubt, including the equity interest and assets of the Significant Group Companies, taken as a whole, when deciding whether the assets sold or disposed of constitute all or substantially all of the assets of the Company), or (c) any consolidation, amalgamation or merger of the Company or any other member of the Significant Group Companies, with or into any other Person, or any sale, exchange, transfer or other disposition, in one or a series of related transactions, of any of the outstanding share capital of the Company or any other member of the Significant Group Companies, to one Person or a group of Persons acting in concert, in each case resulting in a change of Control of the Company or the Significant Group Company.

“**Memorandum and Articles**” means the Fourth Amended and Restated Memorandum and Articles of Association of the Company, as may be amended from time to time.

“**New Securities**” means any Equity Securities of the Company whether now or hereafter authorized; provided that the term “**New Securities**” does not include:

(i) Ordinary Shares, options or convertible securities issued as a dividend or distribution on the Preferred Shares and Angel Shares;

(ii) Option Shares and any other securities issued or issuable under the Company’s employee stock option or similar share incentive plan to be adopted by the Board, if any;

(iii) any Equity Securities issued in connection with any share split, share dividend or other similar event in which all Shareholders are entitled to participate on a pro rata basis;

(iv) any Conversion Shares; or

(v) any Shares on or pursuant to an IPO.

“**Option Shares**” means the Ordinary Shares transferred or transferable, issued or issuable under the Company’s employee stock option or similar share incentive plan to be adopted by the Board in accordance with this Agreement and the Memorandum and Articles, if any.

“**Ordinary Shares**” means the ordinary shares of the Company.

“**Ordinary Share Equivalents**” means securities exercisable or convertible into Ordinary Shares, including the Preferred Shares and Angel Shares.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, branch, trust, estate or other enterprise or entity.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and the islands of Taiwan.

“**Preferred Majority Consent**” means the approval or consent of a matter by the holders of more than fifty percent (50%) of the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares (voting together as a single class and on an as converted basis).

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares.

“**Relative**” of a Person means a husband, wife, father, mother, son, daughter, brother, sister, grandparent, grandchild, or spouse of such Person.

“**RMB**” means the legal currency of PRC.

“**Series A Closing Date**” means the “Closing Date” as defined under the Series A SPA, being June 29, 2018.

“**Series A Holder(s)**” means the holder(s) of Series A Preferred Shares.

“**Series A Issue Price**” means US\$ 367.183 per share, subject to adjustment for share combination, split, subdivision or similar actions of the Company.

“**Series A Preferred Shares**” means the Company’s series A preferred shares.

“**Series B Closing Date**” means the “Closing Date” as defined under the Series B SPA, being November 15, 2018.

“**Series B Holder(s)**” means the holder(s) of Series B Preferred Shares.

“**Series B Issue Price**” means US\$ 734.37 per share, subject to adjustment for share combination, split, subdivision or similar actions of the Company.

“**Series B Preferred Shares**” means the Company’s series B preferred shares.

“**Series B-1 Closing Date**” means, with respect to Darsana Investor and BlackRock Investors, the “Closing Date” as defined under the Series B-1 SPA; and with respect to Taide Investment, the date of the payment of the exercise price under the Exercise Notice.

“**Series B-1 Holder(s)**” means the holder(s) of Series B-1 Preferred Shares.

“**Series B-1 Issue Price**” means US\$ 865.91 per share with respect to the Darsana Investor and the BlackRock Investors, subject to adjustment for share combination, split, subdivision or

similar actions of the Company, and US\$ 587.49 per share with respect to Taide Investment, subject to adjustment for share combination, split, subdivision or similar actions of the Company.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares.

“**Shareholders**” means (i) the Founder Parties, (ii) Haode Investment, (iii) the Angel-1 Investor Parties, (iv) the Investors and (v) any other Person who becomes a shareholder of the Company in accordance with the terms of this Agreement and becomes a party to this Agreement, in each case for so long as such Person remains a shareholder of the Company, and in the case of any Shareholder that is a natural person shall be deemed to include the estate of such Shareholder and the executor, conservator, committee or other similar legal representative of such Shareholder or such Shareholder’s estate following the death or incapacitation of such Shareholder.

“**Shares**” means the Preferred Shares, the Ordinary Shares and the Angel Shares.

“**Significant Group Company**” means, the Group Company with its revenue exceeding fifty percent (50%) of the total revenue of the Group in the relevant financial year; and “**Significant Group Companies**” mean, collectively, the Group Company Parties and each Significant Group Company.

“**Simple Majority**” means more than 50%.

“**Subsidiary**” means, with respect to any Person (other than a natural person), any other Person directly or indirectly Controlled by such first-mentioned Person.

“**Transaction Documents**” means, collectively, this Agreement, the Series B SPA, the Additional Series B SPA, the Series B-1 SPA, the Memorandum and Articles and any other document or agreement in connection with the transactions contemplated herein or therein.

“**United States**” or “**United States of America**” means the United States of America.

“**US\$**” means the legal currency of the United States of America.

**1.2 Terms Defined Elsewhere in this Agreement.** The following terms are defined in this Agreement as follows:

“ <b>Additional Series B Investor</b> ”	Preamble
“ <b>Agreement</b> ”	Preamble
“ <b>Angel Investor A</b> ”	Preamble
“ <b>Angel Investor B</b> ”	Preamble
“ <b>Angel Investor C</b> ”	Preamble
“ <b>Angel-1 Investor Parties</b> ”	Preamble
“ <b>Beijing WFOE</b> ”	Preamble
“ <b>BlackRock Investors</b> ”	Preamble
“ <b>BVI Company</b> ”	Preamble
“ <b>CFC</b> ”	Section 9.1
“ <b>Claimant</b> ”	Section 22.11
“ <b>Coffee Zero</b> ”	Section 7.2

<b>“Code”</b>	Section 9.1
<b>“Competitor”</b>	Section 4.1
<b>“Co-Sale Notice”</b>	Section 4.2
<b>“Co-Sale Period”</b>	Section 4.2
<b>“Company”</b>	Preamble
<b>“Confidential Information”</b>	Section 18.1
<b>“Darsana Investor”</b>	Preamble
<b>“Dispute”</b>	Section 22.11
<b>“Founder”</b>	Preamble
<b>“Founder Parties”</b>	Preamble
<b>“Group Company Parties”</b>	Preamble
<b>“Haode Investment”</b>	Preamble
<b>“HK Company”</b>	Preamble
<b>“HKIAC”</b>	Section 22.11
<b>“HKIAC Rules”</b>	Section 22.11
<b>“Investors”</b>	Preamble
<b>“New Issuance Notice”</b>	Section 5.1
<b>“Observer”</b>	Section 3.2(b)
<b>“Offeree”</b>	Section 4.2
<b>“Offered Shares”</b>	Section 4.2
<b>“Ordinary Directors”</b>	Section 3.2(b)(i)
<b>“Oversubscription Acceptance Notice”</b>	Section 5.1
<b>“Oversubscription Notice”</b>	Section 5.1
<b>“Oversubscription Pre-emption Shares”</b>	Section 5.1
<b>“Party” or “Parties”</b>	Preamble
<b>“Permitted Transferees”</b>	Section 4.1(d)(ii)
<b>“PFIC”</b>	Section 9.2
<b>“Pingtan WFOE”</b>	Preamble
<b>“Pre-emption Acceptance Notice”</b>	Section 5.1
<b>“Pre-emption Electing Holder”</b>	Section 5.1
<b>“Pre-emption Period”</b>	Section 5.1
<b>“Pre-emption Right”</b>	Section 5.1
<b>“Redemption Completion Date”</b>	Section 10.4
<b>“Redemption Price”</b>	Section 10.3
<b>“Redemption Shares”</b>	Section 10.4
<b>“Registration Rights”</b>	Section 17.2
<b>“Restricted Business”</b>	Section 7
<b>“Representatives”</b>	Section 18.1
<b>“Respondent”</b>	Section 22.11
<b>“Right of Co-Sale”</b>	Section 4.2
<b>“Series A Investor A”</b>	Preamble
<b>“Series A Investor B”</b>	Preamble
<b>“Series A Investor C”</b>	Preamble

“Series A Investor D”	Preamble
“Series A Investor Director”	Section 3.2(b)(i)
“Series A Investor E”	Preamble
“Series A Investors”	Preamble
“Series A Preference Amount”	Section 11(c)
“Series A Redemption Event”	Section 10.1
“Series A Redemption Price”	Section 10.1
“Series A SPA”	Recitals
“Series B Investor A”	Preamble
“Series B Investor B”	Preamble
“Series B Investor C”	Preamble
“Series B Investor D”	Preamble
“Series B Investor Director”	Section 3.2(b)(i)
“Series B Investor E”	Preamble
“Series B Investor F”	Preamble
“Series B Investor G”	Preamble
“Series B Investors”	Preamble
“Series B Preference Amount”	Section 11(b)
“Series B Redemption Event”	Section 10.2
“Series B Redemption Price”	Section 10.2
“Series B SPA”	Recitals
“Series B-1 Investors”	Preamble
“Series B-1 Preference Amount”	Section 11(a)
“Series B-1 Redemption Event”	Section 10.3
“Series B-1 Redemption Price”	Section 10.3
“Series B-1 SPA”	Recitals
“Shareholders’ Meeting”	Section 3.1(a)
“Selling Shareholder”	Section 4.2(a)
“Tianjin WFOE”	Preamble
“Transfer”	Section 4.1(a)
“Transfer Notice”	Section 4.2
“Transfer Price”	Section 4.2
“Transferor”	Section 4.2
“VIE Entity”	Preamble
“Xiamen WFOE”	Preamble

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa,

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(c) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.

(d) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(e) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment and “lawful” shall be construed accordingly.

(f) References to Documents. A reference to any Section is, unless otherwise specified, to such Section of this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(g) Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that duty.

(h) Writing. References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any language other than English, the English language text shall prevail.

(j) Currency. Any thresholds or limits denominated in one currency shall also mean an equivalent value denominated in any other applicable currency, unless otherwise specified.

(k) Reference to Parties. A reference to a Party, unless the context otherwise requires, includes a reference to that Party’s legal personal representatives, successors and permitted assigns.

**2. Information Rights.**

**2.1 Delivery of Information.**

(a) The Company shall, and the Founder Parties and Haode Investment shall cause the Company to, deliver to each Holder the following documents or reports relating to the Group in English or Chinese and in a form acceptable to the Holders and the Company:

(i) within seventy five (75) days after the end of each fiscal year of the Company, a consolidated unaudited income statement and statement of cash flows for such fiscal year and a consolidated balance sheet as of the end of such fiscal year;

(ii) within forty five (45) days after the end of each fiscal quarter of the Company, an operation report of the Company for such fiscal quarter, a consolidated unaudited income statement and statement cash flows for such fiscal quarter and a consolidated unaudited balance sheet as of the end of such fiscal quarter;

(iii) before the beginning of each financial year, a proposed annual budget and business plan of the Group for such financial year.

**2.2 Material Events.** The Company shall, and the Founders Parties shall procure that the Company will, promptly notify the Holders of:

(i) any actual or prospective material adverse change in the business, operations, financial position or prospects of the Group Company Parties;

(ii) any actual, pending or threatened investigation, enquiry or disciplinary proceeding by any Governmental Authorities that the Company considers may have a material effect on the Group;

(iii) any material violation of Applicable Laws by any Group Company Parties; or

(iv) any matters that may materially and adversely affect the performance by the Founders or the Group Company Parties of its obligations under any of the Transaction Documents.

**2.3 Inspection Right.** The Company further covenants and agrees that, with prior approval of the Company, for so long as any Holder holds any Preferred Shares or Conversion Shares, such Holder shall have the right to inspect facilities, records and books of the Group Company Parties at any time during regular working hours and the right to discuss the business, operation and conditions of the Group Company Parties with their respective directors, officers, employees, accountants, legal counsel and investment bankers. The Company shall not withhold its approval without reasonable ground.

**2.4 Termination of Information Rights.** The rights and covenants set forth in this Section 2 shall terminate and be of no further force or effect upon the earlier of: (a) the closing of an IPO, and (b) termination of this Agreement in accordance with Section 21.

### **3. Corporate Governance.**

#### **3.1 General.**

(a) From and after the date hereof, each Shareholder shall vote its Shares at any regular or special meeting of Shareholders (a **“Shareholders’ Meeting”**), and shall take all other actions necessary, to give effect to the provisions of this Agreement, each other Transaction Document and the Memorandum and Articles.

(b) In the event that the provisions of this Agreement conflict with any provision of the Memorandum and Articles, the provisions of this Agreement shall prevail as

among the Parties, who hereby undertake to take such steps as may be necessary or desirable to amend the Memorandum and Articles to remove such conflict to the fullest extent provided by law.

### 3.2 Board of Directors.

- (a) Number and Composition. The number of Directors constituting the entire Board shall be six (6) following the Closing.
- (b) Appointment of Directors and Observer.

(i) Joy Capital shall have the right in its sole discretion to appoint one (1) Director to the Board (the “**Series B Investor Director**”). Lucky Cup shall have the right in its sole discretion to appoint one (1) Director to the Board (the “**Series A Investor Director**”). Angel-1 Investor Parties shall have the right in their sole discretion to jointly appoint one (1) Director to the Board (the “**Angel Investor Director**”). Haode Investment shall have the right in its sole discretion to appoint one (1) Director to the Board (the “**Haode Director**”), who shall be the Chairman of the Board. The Founders shall have the right in their sole discretion to appoint two (2) Directors to the Board (the Directors appointed by the Founders, collectively, the “**Ordinary Directors**”). BlackRock Investors shall have the right in its sole discretion to appoint one (1) observer who shall have rights to attend all meetings of the Board in a non-voting capacity (the “**Observer**”). The Founders, Haode Investment, the Angel-1 Investor Parties, Lucky Cup, Joy Capital and BlackRock Investors shall have the sole right to remove their respective Director or the Observer so appointed pursuant to the foregoing and to reappoint successor of such Director or the Observer. To the extent required by Applicable Law, the Shareholders shall vote the Shares owned by them to elect the Series B Investor Director, Series A Investor Director, Haode Director, the Angel Investor Director, the Ordinary Directors and the Observer. If there is a vacancy in the membership of the Board of Directors or the Observer at any time, whether due to death, resignation, removal or some other cause, the Shareholders shall cause that vacancy to be filled by a person selected by the Party or Parties that originally nominated or appointed the predecessor Director or Observer.

- (c) Removal and Replacement of Directors and Observer.

(i) A Director or the Observer shall be removed from the Board, with or without cause, upon, and only upon, the affirmative vote of the Shareholders in accordance with this Section 3.2(c)(i). Each Shareholder shall vote its Shares for the removal of a Director or the Observer upon the request of the Shareholder(s) that nominated or appointed such Director or the Observer pursuant to Section 3.2(b). Otherwise, no Shareholder shall vote for the removal of a Director or the Observer.

(ii) In the event any Director or the Observer resigns or is removed in accordance with Section 3.2(c)(i), the Shareholder(s) that appointed such Director or the Observer will have the right to appoint such Director’s or the Observer’s successor or replacement, and such successor or replacement Director or Observer shall be nominated and elected on or as soon as practicable after the date of such resignation or removal.

(d) The Parties agree to take all necessary actions to effectuate the change of Board aforementioned including but not limited to amend and revise the Memorandum and Articles.

### 3.3 Board Meetings.

(a) Frequency. Meetings of the Board and of the boards of directors of each respective Subsidiary shall take place contemporaneously at least once every year or at such other frequency as agreed by the Board.

(b) Notice. A meeting may be called by any Director giving notice in writing to the other Directors and the Observer specifying the date, time and agenda for such meeting. Not less than three (3) days' notice shall be given to all Directors and the Observer; provided, however, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Section 3.3(c), and (ii) may be reduced with the written consent of all of the Directors.

(c) Quorum. All meetings of the Board shall require a quorum of at least four (4) Directors. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to the same place and time seven (7) days later and, if at such adjourned meeting, such quorum is still not present, those Directors present shall be deemed a quorum and may transact the business for which the adjourned meeting was originally convened. No business shall be transacted at any Board meeting or by the Directors unless a quorum is present.

(d) Voting. At any Board meeting, each Director may exercise one vote. Any Director may, by written notice to the Company Secretary, authorize another Director to attend and vote by proxy for such Director at any Board meeting. The adoption of any resolution of the Board shall require the affirmative vote of a Simple Majority of the Directors present at a duly constituted meeting of the Board. The Board shall not at any meeting adopt any resolution covering any matter that is not specified in the agenda for such meeting unless all Directors are present at such meeting and vote in favor of such resolution.

(e) Telephonic Participation. Directors and the Observer may participate in Board meetings by way of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence for purposes of the quorum provisions of Section 3.3(c).

(f) Expenses. The Company shall reimburse the Directors for their reasonable costs of attendance at Board meetings.

(g) Action by Written Consent. Any action that may be taken by the Directors at a meeting may be taken by a written resolution signed by all of the Directors.

### 3.4 Protective Provisions.

(a) In addition to any other vote or consent required in this Agreement or the Memorandum and Articles or by the Applicable Laws, and unless otherwise provided in the Transaction Documents, the Founder Parties and the Company shall ensure that the Company

and/or the Group Companies (as the case may be) shall not take any of the following actions without the prior approval of the Simple Majority of Directors of the Company with respect to such matters as follows:

- Liquidation Event;
  - (i) the liquidation, dissolution or winding up or merger of the Company with or into any other Person or the occurrence of a
  - (ii) any increase or decrease of the share capital or registered capital of the Company or the issue of options or other securities convertible or exchangeable for the share capital or registered capital of the Company, other than the redemption or repurchase of the Preferred Shares in accordance with their terms and Section 10;
  - (iii) approve, permit or cause the Company to effect any merger with any Person, or be acquired by any Person;
  - (iv) any provision of any guarantee or Lien over the assets of the Company, other than the guarantee provided for the purpose of the daily operation of the Company;
  - (v) appointment, removal and replacement of the CEO and CFO of any Group Company;
  - (vi) any appointment or change in the auditors of the Company, and
  - (vii) sale, transfer or otherwise dispose of all or substantially all of the assets of the Company (for the avoidance of doubt, including the equity interest and assets of the Significant Group Companies, taken as a whole, when deciding whether the assets sold or disposed of constitute all or substantially all of the assets of the Company).

(b) In addition to any other vote or consent required in this Agreement or the Memorandum and Articles or by the Applicable Laws, and unless otherwise provided in the Transaction Documents, the Founder Parties, Haode Investment and the Company shall ensure that the Company and/or the Group Companies (as the case may be) shall not take any of the following actions without the prior approval of the Holders holding more than 60% of the Preferred Shares (for the avoidance of doubt, various classes of Preferred Shares are voting together as a single class and on an as converted basis) with respect to such matters as follows:

- (i) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of any Preferred Shares or any holders of the Preferred Shares, provided that, prior approval of the Holders holding more than 60% of each class of Preferred Shares shall be obtained with respect to any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of such class of Preferred Shares;
- (ii) to declare, issue, make, or pay any dividend or other distribution on any Equity Securities of the Company; approve, amend or alter any policy concerning any dividend or other distribution on any Equity Securities of the Company;
- (iii) change of the principal business of the Group;

(iv) any redemption or repurchase of the Shares, Option Shares or other Equity Securities by the Company, other than the redemption or repurchase of the Preferred Shares in accordance with their terms and Section 10;

(v) licensing or otherwise transfer of the core trademarks of the Group to a third party; and

(vi) any entry into, amendment to or termination of any Control Documents.

#### 4. Prohibition on Transfer of Shares and Right of Co-Sale.

##### 4.1 Prohibition on Transfer of Shares.

(a) Each Founder Party's Ordinary Shares and Haode Investment's Angel-2 Shares. Notwithstanding the other terms of this Agreement, until an IPO, no Founder Party or Haode Investment shall directly or indirectly sell, assign, transfer, pledge hypothecate, or otherwise encumber or dispose of in any way (the "**Transfer**") all or any part of any interest in the Equity Securities now or hereafter beneficially owned or held by it/him/her, except with the prior Preferred Majority Consent in writing and in accordance with this Section 4; provided however that, in the event a Founder Party or Haode Investment pledges or creates security interest over all or any part of any interest in the Equity Securities now or hereafter beneficially owned or held by it/him/her to any financial institution(s) for the purpose of securing any debt financing provided by such financial institution(s) to the Company in connection with the business of the Company, then such pledge or creation of security interest shall not require the prior Preferred Majority Consent or in any way be subject to this Section 4.1(a).

(b) Investor Shares. Notwithstanding the other terms of this Agreement, until an IPO, no Investor or its Affiliates shall Transfer all or any part of any interest in the Equity Securities now or hereafter beneficially owned or held by it/him/her to any Competitor of the Company, except with the prior written consent of the Company and in accordance with this Section 4. For the purpose of this Section 4.1(b) and Section 7.2, a "**Competitor**" of the Company shall mean a company that have legally used any trademark as set forth in EXHIBIT B in its business, which may be updated by the Company quarterly, provided that any trademark added to EXHIBIT B must, in the good faith and reasonable determination of the Company, be used by a company whose main business in the PRC relates to coffee product and directly competes with the business of the Group in the PRC. In the case of any Transfer of Equity Securities by an Investor, the relevant transferee may be assigned the rights and become bound by the obligations arising from this Agreement as an Investor and/or Shareholder (as applicable) by executing a deed in the form of EXHIBIT A attached hereto and furnishing it to the Company and the other Investors.

(c) Prohibited Transfers Void. Any Transfer of Equity Securities not made in conformance with this Agreement shall be null and void, shall not be recorded on the books of the Company and shall not be recognized by the Company.

(d) Permitted Transfers. Notwithstanding the foregoing, the provisions of this Section 4.1 and Section 4.2 shall not apply to the following:

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(i) any Transfer by the Founder of the beneficial interests in any Ordinary Shares or any Transfer by Haode Investment of the beneficial interests in any Angel-2 Shares to the Affiliate or Relatives or to trusts for the benefit of such foregoing Persons;

(ii) any Transfer by the Founder or Haode Investment to any of its Affiliates, Relatives or entities Controlled by such Affiliates or Relatives; and

(iii) any Transfer of Ordinary Shares by a Founder Party and/or Angel-2 Shares by Haode Investment in a single transaction does not exceed 0.5% of the Company's outstanding shares as of the date of this Agreement (on a Fully-Diluted Basis) and does not, cumulatively together with all prior Transfers of Shares by the Founder Parties and Haode Investment in the twelve (12)-month period immediately prior to such Transfer, exceed in aggregate 3% of the Company's total outstanding shares as of the date of this Agreement (on a Fully-diluted Basis), (transferees pursuant to clauses (i), (ii) and (iii), collectively, the "**Permitted Transferees**")

provided that (A) the Founder and Haode Investment shall inform the Investors each such transfer prior to effecting it and (B) in the case of any Transfer effected under this Section 4.1(d), the transferee shall furnish the Investors with a deed in the form of EXHIBIT A attached hereto, confirming to the other Shareholders that it shall be bound by and comply with all provisions of this Agreement as a Shareholder.

##### 4.2 Right of Co-Sale.

(a) Subject to the above Section 4.1, if at any time a Founder Party or Haode Investment (the "**Transferor**") proposes to Transfer any Equity Securities that are beneficially owned or held by the Transferor to any Person other than a Permitted Transferee, pursuant to a bona fide offer received from such third party (the "**Proposed Transferee**"), the Transferor shall promptly send a written notice (the "**Transfer Notice**") to each Holder (each an "**Offeree**") stating (i) the number of Shares proposed to be Transferred (the "**Offered Shares**"); (ii) the proposed purchase price per Share (the "**Transfer Price**") in US\$ in respect of such Transfer; (iii) the material terms and conditions of such Transfer. Each Holder shall have the right (but not the obligation) (the "**Right of Co-Sale**") to participate in such Transfer and transfer simultaneously with the Transferor to the Proposed Transferee its Equity Securities in accordance with this Section 4.2. The Offeree may exercise its right (such exercising Offeree, the "**Selling Shareholder**") under this Section 4.2 by providing a written notice (the "**Co-Sale Notice**") to the Transferor within ten (10) Business Days after receipt of the Transfer Notice (the "**Co-Sale Period**"), and such notice delivered to the Transferor shall indicate the number of Equity Securities such Selling Shareholder wishes to sell by exercising its right under this Section 4.2.

(b) To the extent one (1) or more of the Holders exercise the Right of Co-sale in accordance with the terms and conditions set forth below, the number of Equity Securities that the Transferor may sell in the Transfer shall be correspondingly reduced.

(c) Each Selling Shareholder may elect to sell up to such number of Equity Securities equal to (on a Fully-Diluted Basis) the product obtained by multiplying (i) the aggregate number of the Offered Shares being transferred by (ii) a fraction, the numerator of which is the

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number of Equity Securities held by the Selling Shareholders on the date of the Transfer Notice, and the denominator of which is the total number of Equity Securities held by the Transferor and all Selling Shareholders on the date of the Transfer Notice, provided that if as a result of the proposed Transfer, the Founder Parties, Haode Investment and the Angel-1 Investor Parties would collectively lose Control over the Company, each Offeree may elect to sell up to all of the Equity Securities then held by such Offeree.

(d) Each Selling Shareholder shall effect its participation in the sale by promptly delivering to the Transferor for transfer to the prospective purchaser one (1) or more certificates, properly endorsed for transfer, which represent the type and number of Equity Securities which such Selling Shareholder elects to sell; provided, however that if the prospective third-party purchaser objects to the delivery of Equity Securities in lieu of Ordinary Shares, such Selling Shareholder shall convert such Equity Securities into Ordinary Shares and deliver certificates corresponding to such Ordinary Shares. The Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser and contingent on such transfer.

(e) The share certificate or certificates that a Selling Shareholder delivers to the Transferor pursuant to Section 4.2(d) shall be delivered to the Proposed Transferee in consummation of the sale of Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Transferor shall concurrently therewith remit to such Selling Shareholder that portion of the sale proceeds to which such Selling Shareholder is entitled by reason of its participation in such sale.

(f) To the extent that any Proposed Transferee prohibits the participation of a Selling Shareholder exercising its co-sale rights hereunder in a proposed Transfer or otherwise refuses to purchase shares or other securities from a Selling Shareholder exercising its Right of Co-Sale hereunder, the Transferor shall not sell to such Proposed Transferee any Equity Securities unless and until, simultaneously with such sale, the Transferor shall purchase such Equity Securities from such Selling Shareholder for the same consideration and on the same terms and conditions as the proposed transfer described in the Transfer Notice.

#### **4.3 Non-Exercise of Rights.**

(a) Subject to any other applicable restrictions on the sale of such shares, to the extent that any Selling Shareholder has not exercised its Right of Co-Sale in the sale of the Offered Shares within the time periods specified in Section 4.2, the Transferor shall have a period of sixty (60) days from the expiration of the Co-Sale Period to sell (and if any Selling Shareholder elects to exercise its Right of Co-Sale, simultaneously with such Selling Shareholder's sale of its Equity Securities to the Proposed Transferee, or the Transferor's purchase of the Equity Securities from such Selling Shareholders in accordance with Section 4.2) the Offered Shares to the Proposed Transferee upon terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice.

(b) In the event the Transferor does not consummate the sale or disposition of the Offered Shares within sixty (60) days after the expiration of the Co-Sale Period, the Selling Shareholders' Right of Co-Sale shall be deemed to be revived and such Offered Shares shall not

be offered or otherwise made subject to any Transfer until and unless first reoffered to the Holders in accordance with the terms of this Agreement.

(c) The exercise or non-exercise of the Right of Co-Sale of the Selling Shareholders under Sections 4.2 and 4.3 to participate in the sale of Equity Securities by a Founder Party or Haode Investment shall not adversely affect their rights to subsequently participate in sales of Equity Securities by any Founder Party or Haode Investment.

4.4 For the avoidance of doubt and notwithstanding anything to the contrary in the Transaction Documents, the Parties agree that the Series A Preferred Shares held by Haode Investment shall not be subject to this Section 4.

## 5. Pre-emption Rights.

### 5.1 Pre-emption Rights

(a) The Company shall, and the Founder Parties and Haode Investment shall procure the Company to, take, or cause to be taken, all actions, and to do, or cause to be done all things necessary to ensure (including voting its Shares which it owns) that each Shareholder has a pre-emption right with respect to any future issue or sale by the Company of any New Securities on the terms set out in this Section 5 (the “**Pre-emption Right**”). Each Shareholder is entitled to elect to exercise the Pre-emption Right itself or to designate another Person Controlled by such Shareholder to exercise the Pre-emption Right.

(b) If the Company proposes to issue or sell any New Securities, the Company shall provide a written notice (the “**New Issuance Notice**”) to each Shareholder setting out (i) the number and type of Equity Securities the New Securities proposed to be issued or sold by the Company; and (ii) the price and other material terms of the proposed issue or sale.

(c) Each Shareholder shall have the right (but not the obligation) to subscribe for or purchase, at the price and on the terms specified in the New Issuance Notice, up to such number of New Securities to be issued or sold determined by multiplying (i) the total number of the New Securities, by a fraction, the numerator of which is the number of Shares held by or issuable to such Shareholder (on a Fully-Diluted Basis), and the denominator of which is the aggregate number of Shares held by or issuable to all Shareholders (on a Fully-Diluted Basis).

(d) Each Shareholder may exercise its Pre-emption Right by giving the Company written notice (the “**Pre-emption Acceptance Notice**”) within ten (10) Business Days from the date of receipt of the Pre-emption Notice (the “**Pre-emption Period**”) specifying the number of New Securities that it accepts to subscribe for or purchase. The failure by a Shareholder to give a Pre-emption Acceptance Notice within the Pre-emption Period shall be deemed to be a waiver of such Shareholder’s Pre-emption Right.

(e) In the event that one or more Shareholder fail to fully exercise its Pre-emption Right, or decline or is deemed pursuant to Section 5.1(d) to have waived its Pre-emption Right, the Company shall give written notice (the “**Oversubscription Notice**”) to each Shareholder electing to fully exercise its Pre-emption Right (a “**Pre-emption Electing Shareholder**”) within five (5) Business Days of the expiry of the Pre-emption Period specifying

the number of the remaining New Securities (the “**Oversubscription Pre-emption Shares**”). Each Pre-emption Electing Shareholder shall have the right (but not the obligation) to subscribe for or purchase all or part of the Oversubscription Pre-emption Shares by giving the Company written notice (the “**Oversubscription Acceptance Notice**”) within five (5) Business Days of the receipt of the Oversubscription Notice, provided that if the aggregate number of Oversubscription Pre-emption Shares that the Pre-emption Electing Shareholder have indicated a willingness to subscribe for or purchase in their Oversubscription Acceptance Notice exceeds the actual number of Oversubscription Pre-emption Shares, the Oversubscription Pre-emption Shares shall be allocated to the Pre-emption Electing Shareholder on a pro-rata basis, being a fraction, the numerator of which is the number of Shares held by or issuable to such Pre-emption Electing Shareholder (on a Fully-Diluted Basis), and the denominator of which is the aggregate number of Shares held by or issuable to all Pre-emption Electing Shareholders who have submitted an Oversubscription Acceptance Notice (on a Fully-Diluted Basis).

(f) If, within the Pre-emption Period, any Shareholder fails to fully exercise or elects not to exercise the Pre-emption Right, subject to Section 5.1 and upon the approval of the Board, the Company shall be free to issue or sell the remaining number of unsubscribed New Securities on terms equal to or no more favourable than the terms set out in the New Issuance Notice, provided such issue or sale is completed within three (3) months of the date of the New Issuance Notice.

**6. Assignments and Transfers; Third Party Beneficiaries.** This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, permitted assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The Shares and rights and obligations attached thereto of any Holder, Haode Investment or Angel-1 Investor Party hereunder shall be assignable to (i) an Affiliate of such Holder, Haode Investment or Angel-1 Investor Party, or, in addition to such Affiliates, (ii) to any other assignee or transferee to whom such Holder, Haode Investment or Angel-1 Investor Party transfers at least five percent (5%) of the Equity Securities originally owned by such Holder, Haode Investment or Angel-1 Investor Party at the Closing, provided that such transferee agrees in writing to be bound by the terms of this Agreement. This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. For the avoidance of doubt, the terms of this Agreement are not intended to be enforceable by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by any person who is not a Party to this Agreement.

**7. Non-compete.**

**7.1** Without the prior written consent of the Investors, so long as a Founder Party, Haode Investment or an Angel-1 Investor Party is a director, officer, employee or a direct or indirect holder of any Ordinary Share or Angel Share of a Group Company and for a period of two (2) years after a Founder Party, Haode Investment or an Angel-1 Investor Party is no longer a director, officer, employee or a direct or indirect holder of any Ordinary Share or Angel Share of

a Group Company, each Founder Party, Haode Investment and each Angel-1 Investor Party shall not, and shall cause his Affiliate or associate not to, directly or indirectly, (i) own, manage, engage in, operate, control, work for, consult with, render services for, do business with, or participate in the management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that competes with the Group Companies (a “**Restricted Business**”); (ii) canvass or solicit any Person who is or has been at any time a supplier or licensor of any Group Company for the purpose of inducing any such Person to terminate its business relationship with such Group Company, or (iii) solicit or entice away or endeavor to solicit or entice away any director, officer, consultant or employee of any Group Company. The Founder Parties, Haode Investment and Angel-1 Investor Parties expressly agree that the limitations set forth in this Section 7 are reasonably tailored and reasonably necessary in light of the circumstances. Furthermore, if any provision of this Section 7 is more restrictive than permitted by the Laws of any jurisdiction in which a Party seeks enforcement thereof, then this Section 7 will be enforced to the greatest extent permitted by Law. Each of the undertakings contained in this Section 7 shall be enforceable by each Group Company and the Investors separately and independently of the right of the other Parties.

**7.2** Each Investor agrees and covenants to the Company that from the Closing Date, unless otherwise agreed with the Company in writing, so long as such Investor or any of its Affiliates holds any shares of the Company, such Investor and its Affiliates shall not directly or indirectly hold any Equity Securities of the Competitors of the Company. The Company agrees that Joy Capital’s holding of the Equity Securities of 咖啡零(咖啡)有限公司(the “**Coffee Zero**”) as of the date of this Agreement and Joy Capital’s follow up equity investment in Coffee Zero and its Affiliates shall not be subject to this Section 7.2. The Company agrees that Carob Investment Pte Ltd’s respective Affiliates shall be limited to GIC Private Limited’s Funds and Co-Investment Group, and that their and their Affiliates’ passive investments and co-investments in any Competitors through professional managed funds or together with their respective fund managers shall not be subject to this Section 7.2. Notwithstanding anything to the contrary, the Company agrees that (i) for the purpose of the first sentence of this Section 7.2, the “Affiliates” of each of Lucky Cup and Fortunate Cup shall only include Centurium Capital Partners 2018, L.P. and its Affiliates Controlled by it, and (ii) in no event shall the first sentence of this Section 7.2 be applicable to any portfolio company in which Lucky Cup, Fortunate Cup or their respective Affiliates invest or may invest.

**8. Compliance and Anti-bribery and Anti-Money Laundering Undertakings.** Each of the Company, the Founder Parties, Haode Investment and the Angel-1 Investor Parties undertakes to the Investors to ensure that each Group Company Parties shall conduct its business in compliance with all Applicable Laws in all material respects. Each of the Company, the Founder Parties, Haode Investment and the Angel-1 Investor Parties undertakes to the Investors to procure that (a) each Group Company Party is at all times in compliance with applicable Anti-Bribery Laws and Anti-Money Laundering Laws; and (b) each Group Company Party shall not take any action, and procure that none of their respective Agents take any action, directly or indirectly, which would expose the Investor or any of its Affiliates to the risk of being exposed to an offence for violation of any applicable Anti-Bribery Laws and Anti-Money Laundering Laws.

**9. Tax Matters.**

**9.1** The Company shall not, without the written consent of the Investors, issue or transfer securities in the Company to any investor if following such issuance or transfer the Company, in the determination of counsel or accountants for any Investor, would be a “Controlled Foreign Corporation” (the “CFC”) as defined in the U.S. Internal Revenue Code of 1986, as amended (or any successor thereto) (the “Code”) with respect to the securities held by investor. In addition, the Company shall provide each Investor with access to such other Company information as may be required by such Investor to determine the Company’s status as a CFC to determine whether such Investor is required to report its pro rata portion of the Company’s “Subpart F income” (as defined in Section 952 of the Code) on its United States federal income tax return, or to allow such Investor to otherwise comply with applicable United States federal income tax laws. In the event that the Company is determined by the Company’s tax advisors or by counsel or accountants for any Investor to be a CFC with respect to the securities held by such Investor, the Company agrees to use commercially reasonable efforts to avoid generating Subpart F income.

**9.2** The Company will not be at any time during the calendar year in which the Closing occurs a “passive foreign investment company” within the meaning of Section 1297 of the Code (a “PFIC”). The Company shall use its best efforts to avoid being a PFIC.

**9.3** The Company shall take such actions, including making an election to be treated as a corporation or refraining from making an election to be treated as a partnership, as may be required to ensure that at all times the Company is treated as corporation for United States federal income tax purposes.

**9.4** The Investor shall make due inquiry with its tax advisors regarding whether such Investor’s interest in the Company is subject to the reporting requirements of either or both of Sections 6038 and 6038B (and the Company shall cooperate with such Investor to provide necessary information for such determination), and in the event that any Investor’s tax advisors determine that such Investor’s interest in the Company is subject to any such reporting requirements, the Company agrees, upon a request from such Investor, to provide such information to such Investor as may be necessary to fulfill such Investor’s obligations thereunder.

## **10. Redemption.**

**10.1** Series A Preferred Shares Redemption Event and Redemption Price. At any time after the failure by the Company to complete an IPO within five (5) years following the Series A Closing Date (a “**Series A Redemption Event**”), each Series A Preferred Share shall be redeemable at the option of the Series A Holder thereof, out of funds legally available therefor, at a redemption price per Series A Preferred Share (the “**Series A Redemption Price**”) that shall equal the aggregate of:

- (a) one hundred percent (100%) of the applicable Series A Issue Price;
- (b) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series A Redemption Price; and
- (c) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (b)) of twelve percent (12%) on each such Series A

Preferred Share in respect of the Series A Issue Price calculated from the Series A Closing Date up to and including the date of actual payment of the entire Series A Redemption Price in respect of each such Series A Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

**10.2 Series B Preferred Shares Redemption Event and Redemption Price.** At any time after (i) the failure by the Company to complete an IPO within five (5) years following the Series B Closing Date (for avoidance of doubt, with respect to Additional Series B Investor, such date shall also be the Series B Closing Date) or (ii) any Series A Holder has exercised its redemption right under Section 10.1 (each, a “**Series B Redemption Event**”), each Series B Preferred Share shall be redeemable at the option of the Series B Holder thereof, out of funds legally available therefor, at a redemption price per Series B Preferred Share (the “**Series B Redemption Price**”) that shall equal the aggregate of:

- (a) one hundred percent (100%) of the applicable Series B Issue Price;
- (b) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B Redemption Price; and
- (c) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (b)) of twelve percent (12%) on each such Series B Preferred Share in respect of the Series B Issue Price calculated from the Series B Closing Date (for avoidance of doubt, with respect to Additional Series B Investor, such amount shall also be calculated from the Series B Closing Date) up to and including the date of actual payment of the entire Series B Redemption Price in respect of each such Series B Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

**10.3 Series B-1 Preferred Shares Redemption Event and Redemption Price.** At any time after (i) the failure by the Company to complete an IPO within five (5) years following the applicable Series B-1 Closing Date, (ii) any Series A Holder has exercised its redemption right under Section 10.1, or (iii) any Series B Holder has exercised its redemption right under Section 10.2 (each, a “**Series B-1 Redemption Event**”), each Series B-1 Preferred Share shall be redeemable at the option of the Series B-1 Holder thereof, out of funds legally available therefor, at a redemption price per Series B-1 Preferred Share (the “**Series B-1 Redemption Price**”, the Series B-1 Redemption Price, the Series B Redemption Price or the Series A Redemption Price, the “**Redemption Price**”) that shall equal the aggregate of:

- (a) one hundred percent (100%) of the applicable Series B-1 Issue Price;
- (b) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B-1 Redemption Price; and
- (c) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (b)) of twelve percent (12%) on each such Series B-

1 Preferred Share in respect of the applicable Series B-1 Issue Price calculated from the applicable Series B-1 Closing Date up to and including the date of actual payment of the entire Series B-1 Redemption Price in respect of each such Series B-1 Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

**10.4 Redemption and Put.** At any time after a Series A Redemption Event, each Series A Holder shall be entitled to, at any time after a Series B Redemption Event, each Series B Holder shall be entitled to, and at any time after a Series B-1 Redemption Event, each Series B-1 Holder shall be entitled to, at its option, require the Company to redeem or repurchase, or request the Founder Parties, Haode Investment (on a jointly basis) to purchase, and the Company, Haode Investment and the Founder Parties are obligated to, redeem, repurchase or purchase such Holder's Preferred Shares at the applicable Redemption Price. A holder of Preferred Shares may exercise the foregoing redemption or put right by giving a written notice to the Company, Haode Investment and the Founder Parties specifying the number and type of Preferred Shares to be redeemed or sold (the "**Redemption Shares**") and the date on which the redemption or sale of such Preferred Shares is to be completed (the "**Redemption Completion Date**"), being a date that is at least thirty (30) days after the date of such written notice. At the option of such holder, the Company is obligated to redeem the Redemption Shares at the applicable Redemption Price of such Redemption Shares in accordance with this Agreement and the Memorandum of Articles, and the Founder Parties and Haode Investment shall be obliged to purchase all of such Redemption Shares at the applicable Redemption Price of such Redemption Shares on the terms of this Section 10, and shall pay the aggregate Redemption Price to such holder in cash by wire transfer of immediately available funds in US\$ to the bank account designated by such holder.

**11. Liquidation Preferences.** Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other Liquidation Event, and subject to the provisions of the Applicable Laws:

(a) Before any distribution or payment shall be made to the holders of any Ordinary Shares, Angel Shares, Series A Preferred Shares and Series B Preferred Shares, each holder of Series B-1 Preferred Shares shall be entitled to receive, on a pari passu basis, an amount per Series B-1 Preferred Share then held by such holder (the "**Series B-1 Preference Amount**") equal to the aggregate of:

(A) one hundred percent (100%) of the applicable Series B-1 Issue Price;

(B) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B-1 Preference Amount; and

(C) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (B)) of twelve percent (12%) on each such Series B-1 Preferred Share in respect of the applicable Series B-1 Issue Price calculated from the applicable Series B-1 Closing Date up to and including the date of actual payment of the entire Series B-1 Preference Amount in respect of each such Series B-1 Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing Series B-1 Preference Amount in full on all Series B-1 Preferred Shares, then such assets shall be distributed among the holders of Series B-1 Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this subparagraph (a).

(b) After payment of the Series B-1 Preference Amount in full pursuant to subparagraph (a) above, and before any distribution or payment shall be made to the holders of any Ordinary Shares, Angel Shares and Series A Preferred Shares, each holder of Series B Preferred Shares shall be entitled to receive, on a pari passu basis, an amount per Series B Preferred Share then held by such holder (the “**Series B Preference Amount**”) equal to the aggregate of:

(A) one hundred percent (100%) of the applicable Series B Issue Price;

(B) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series B Preference Amount; and

(C) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (B)) of twelve percent (12%) on each such Series B Preferred Share in respect of the Series B Issue Price calculated from the Series B Closing Date (for avoidance of doubt, with respect to Additional Series B Investor, such amount shall also be calculated from the Series B Closing Date) up to and including the date of actual payment of the entire Series B Preference Amount in respect of each such Series B Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing Series B Preference Amount in full on all Series B Preferred Shares, then such assets shall be distributed among the holders of Series B Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this subparagraph (b).

(c) After payment of the Series B-1 Preference Amount in full pursuant to subparagraph (a) above and the Series B Preference Amount in full pursuant to subparagraph (b) above, and before any distribution or payment shall be made to the holders of any Ordinary Shares and Angel Shares, each holder of Series A Preferred Shares shall be entitled to receive, on a pari passu basis, an amount per Series A Preferred Share then held by such holder (the “**Series A Preference Amount**”) equal to the aggregate of:

(A) one hundred percent (100%) of the applicable Series A Issue Price;

(B) all accrued but unpaid dividends thereon up to the date of actual payment of the entire Series A Preference Amount; and

(C) the amount that would give a simple annual rate of return (taking into account the amount of the above sub-section (B)) of twelve percent (12%) on each such Series A Preferred Share in respect of the Series A Issue Price calculated from the Series A Closing Date up to and including the date of actual payment of the entire Series A Preference Amount in respect of each such Series A Preferred Share,

in each case, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

If, upon any such liquidation, the assets of the Company shall be insufficient to make payment of the foregoing Series A Preference Amount in full on all Series A Preferred Shares, then such assets shall be distributed among the holders of Series A Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this subparagraph (c).

(d) After distribution or payment in full of the amount distributable or payable on the Preferred Shares pursuant to Section 11(a), Section 11(b) and Section 11(c), the remaining assets of the Company available for distribution to the Shareholders shall be distributed ratably among the holders of the outstanding Preferred Shares (treating for this Section 11(d) all Preferred Shares as if they had been converted to Ordinary Shares immediately prior to such liquidation, dissolution or winding up of the Company or other Liquidation Event), the outstanding Ordinary Shares and Angel Shares.

**12. Voting Rights.** The holders of the Preferred Shares shall have the voting rights described in the Memorandum and Articles.

**13. Share Dividends.** The Company shall distribute and pay, and the holders of the Preferred Shares shall be entitled to receive, the dividends or other distributions on Shares on a pro rata basis with all outstanding Shares of the Company entitled to dividends (treating for this section all Preferred Shares as if they had been converted to Ordinary Shares immediately prior to such declaration and payment of dividends or other distributions), after declaration by the Company of any dividends or other distributions.

**14. Conversion Rights.** The holders of the Preferred Shares and Angel Shares shall have the rights described in the Memorandum and Articles with respect to the conversion of the Preferred Shares into Ordinary Shares. The "Series A Conversion Price" shall initially equal the Series A Issue Price, and shall be adjusted in the split of shares, declaration of dividends, capital reorganization or similar events from time to time as provided in the Memorandum and Articles. For the avoidance of doubt, the initial conversion ratio for Series A Preferred Shares to Ordinary Shares shall be 1:1. The "Series B Conversion Price" shall initially equal the Series B Issue Price, and shall be adjusted in the split of shares, declaration of dividends, capital reorganization or similar events from time to time as provided in the Memorandum and Articles. For the avoidance of doubt, the initial conversion ratio for Series B Preferred Shares to Ordinary Shares shall be 1:1. The "Series B-1 Conversion Price" shall initially equal the applicable Series B-1 Issue Price, and shall be adjusted in the split of shares, declaration of dividends, capital reorganization or similar events from time to time as provided in the Memorandum and Articles. For the avoidance of doubt, the initial conversion ratio for Series B-1 Preferred Shares to Ordinary Shares shall be 1:1.

15. **Anti-Dilution.** In the event the Company shall at any time after the Closing issue New Securities for a consideration or deemed consideration per Ordinary Share less than the then current applicable Series A Conversion Price, applicable Series B Conversion Price or applicable Series B-1 Conversion Price, then such Series A Conversion Price, Series B Conversion Price or Series B-1 Conversion Price then in effect shall be reduced to the price determined as set forth below:

$$CP2 = CP1 * (A+B)/(A+C)$$

WHERE:

CP2 = the new Series A Conversion Price, the new Series B Conversion Price or the new Series B-1 Conversion Price effective upon the issuance of the New Securities, as applicable

CP1 = the Series A Conversion Price, the Series B Conversion Price or the Series B-1 Conversion Price in effect immediately before the issuance of the New Securities, as applicable

A = the total outstanding Ordinary Shares and Angel Shares immediately before the issuance of the New Securities (including the total outstanding Ordinary Shares, Angel Shares, and Preferred Shares on an as converted basis and all outstanding options or warrants and other convertible securities on an as-exercised basis),

B = the total consideration received for the issuance or sale of the New Securities divided by CP1, and

C = the number of New Securities issued or sold or deemed issued or sold.

16. **No Distribution to Shareholders Under Certain Circumstances.** The Parties agree and acknowledge that, before a Shareholder fully pays up its subscription price for all the Equity Securities in a Group Company registered under its name, no distribution of any monies shall be made by any Group Company to such Shareholder or its successors or transferees, whether in the form of dividends, liquidation proceeds, proceeds from a sale of assets of the Group, redemption amount or otherwise.

## 17. IPO

17.1 **Obligation to consummate an IPO.** The Company shall, and the Founder Parties and Haode Investment shall procure that the Company will use its best efforts and take all necessary actions to consummate an IPO, as soon as practicable and in any case, on or before the fifth (5th) anniversary of the Series A Closing Date.

17.2 **Registration Rights.** In connection with an initial public listing on an exchange in the United States, the Company hereby grants to the Shareholders such registration rights as set forth in Schedule II.

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## 18. Confidentiality.

18.1 **General Obligation.** Each Party undertakes to the other Parties that it shall not reveal, and that it shall procure that its respective directors, equity interest holders, current or prospective partners, prospective transferees, members, advisors and bankers, officers, employees, agents, consultants, auditors and professional advisors (collectively, “**Representatives**”) do not reveal, to any third party any Confidential Information without the prior written consent of the Company or the concerned Party, as the case may be, or use any Confidential Information in such manner that is detrimental to the Company or the concerned Party, as the case may be. The term “**Confidential Information**” as used in this Section 18 means, (a) any information concerning the organization, business, technology, safety records, investment, finance, transactions or affairs of any Party or any Group Company or any of their respective directors, officers or employees (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this Agreement); (b) the terms of this Agreement and the terms of any of the other Transaction Documents, and the identities of the Parties and their respective Affiliates; and (c) any other information or materials prepared by a Party or any Group Companies or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information. The Group Company Parties, the Founder Parties and Haode Investment shall procure that each of the other Group Companies shall procure that the director appointed by it, respectively, shall comply with the obligations set forth in this Section 18 as if each were a Party to this Agreement.

18.2 **Exceptions.** The provisions of Section 18.1 shall not apply to:

(a) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of a Party or any of the Representatives in violation of this Agreement;

(b) disclosure by a Party to a Representative; provided that such Representative (i) is under a similar obligation of confidentiality or (ii) is otherwise under a binding professional obligation of confidentiality;

(c) disclosure by a Party to its Affiliates and their respective Representatives; provided that each such Affiliate and Representative (i) is under a similar obligation of confidentiality or (ii) is otherwise under a binding professional obligation of confidentiality;

(d) disclosure, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, to the extent required under the rules of any stock exchange on which the shares of a Party or its parent company are listed or by Applicable Laws or governmental regulations or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement;

(e) disclosure by Investors or its Affiliates of Confidential Information to any Person to whom the Investors or its Affiliate intend to transfer their Equity Securities in the Group (provided that such Person has been informed of the confidential nature of the information being disclosed and has agreed to maintain the confidentiality of such information); or



(f) disclosure by the Company of any information required by any Governmental Authority or the Company's underwriter to be disclosed in connection with an IPO.

**18.3 Publicity.** Except as required by law, by any Governmental Authority, by any relevant stock exchange on which the shares of Investors are listed or otherwise agreed by all the Parties, no press release or public announcement concerning the relationship or involvement of the Parties shall be made by any Party without the prior written consent of all the other Parties. The Group Companies, the Founder Parties and Haode Investment shall procure that none of the Group Companies shall, issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Investors or any of its respective Affiliates without obtaining in each instance the prior written consent of the Investors. The Investors shall not issue a press release or make any public announcement or other public disclosure with respect to any of the transactions contemplated herein, or use the name of the Group Company Parties, the Founder Parties, Haode Investment and the Angel-1 Investor Parties or any of its respective Affiliates without obtaining in each instance the prior written consent of the Company.

**19. Effect of Change in Company's Capital Structure.** With respect to the calculation of Equity Securities and Ordinary Share Equivalents pursuant to this Agreement, appropriate adjustments shall be made to reflect stock dividends, stock splits, reverse stock splits, combinations, reclassifications or similar changes in the capital structure of the Company.

**20. Further Instruments and Actions.** Each of the Parties agrees from time to time to execute and deliver, or cause to be executed and delivered, such further documents and other instruments and to take such further actions as may reasonably be necessary to effectively carry out the intent of this Agreement. The Founder Parties and Haode Investment shall cooperate affirmatively with the Group Company Parties and the Holders, to the extent requested by the Group Company Parties or the Holders, to enforce rights and obligations pursuant hereto.

**21. Term and Termination.**

**21.1 Effective Date; Termination.** This Agreement shall become effective upon the execution hereof by all of the Parties, provided that with respect to Taide Investment, this Agreement shall become effective upon the payment of the exercise price under the Exercise Notice, and, except as otherwise provided herein, shall continue in effect until the earlier to occur of (a) with respect to a Holder, the date on which such Holders no longer holds any Ordinary Shares or any Ordinary Share Equivalents and (b) any date agreed upon in writing by all of the Parties, provided that the provisions of the following sections shall terminate and be of no further force and effect upon the closing of an IPO: Section 2 (Information Rights), Section 3 (Corporate Governance), Section 4 (Prohibition on Transfer of Shares and Right of Co-Sale ) and Section 7.2 (Non-compete).

**21.2 Consequences of Termination.** If this Agreement is terminated pursuant to Section 21.1, this Agreement shall become null and void and of no further force and effect, except that the Parties shall continue to be bound by the provisions of this Section 21, Section 1 (Interpretation), Section 6 (Assignments and Transfers; Third Party Beneficiaries), Section 7.1 (Non-compete), Section 18 (Confidentiality) and Section 22 (Miscellaneous). Nothing in this Section 21.2 shall

be deemed to release any Party from any liability for any breach of this Agreement prior to the effective date of such termination.

## **22. Miscellaneous.**

**22.1 Governing Law.** This Agreement shall be governed by and construed under the laws of Hong Kong without regard to the principles of conflicts of law thereunder.

**22.2 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each such counterpart may be delivered electronically, such as by facsimile or e-mail.

**22.3 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**22.4 Notices.** Any and all notice required or permitted under this Agreement shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the date of transmission with receipt of a transmittal confirmation, (c) if transmitted by email, on the date of transmission, or (d) if by international courier service, on the fourth (4<sup>th</sup>) Business Day following the date of deposit with such courier service, or such earlier date as may be confirmed in writing to the sender by such courier service. Any notice given pursuant to this Section 22.4 shall be addressed to the address, facsimile number or email address of the receiving Party as set forth on Schedule I of this Agreement.

**22.5 No Agency.** No Shareholder, acting solely in its capacity as a Shareholder, shall act as an agent of the Company or have any authority to act for or to bind the Company, except as authorized by the Board. For the purposes of this Section, unless acting expressly solely in its capacity as a Shareholder, any Shareholder who is a director or officer or employee of a Group Company acting in the ordinary course of business of such Group Company shall be conclusively deemed to act for and on behalf of, and shall not be regarded as acting as an agent of, such Group Company. Any Shareholder that takes any action or binds the Company in violation of this Section shall be solely responsible for, and shall indemnify the Company and each other Shareholder against, any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including but not limited to any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) that the Company, or such other Shareholders, as the case may be, may at any time become subject to or liable for by reason of such violation. The provisions of this Section 22.5 shall survive the termination of this Agreement.

**22.6 No Partnership.** The Shareholders expressly do not intend hereby to form a partnership, either general or limited, under any jurisdiction's partnership law. The Shareholders do not intend to be partners one to another, or partners as to any third party, or create any fiduciary relationship among themselves, solely by virtue of their status as Shareholders. To the extent that any Shareholder, by word or action, represents to another Person that any Shareholder is a partner or that the Company is partnership, the Shareholder making such representation shall be liable to any other Shareholders that incur any losses, claims, damages, liabilities, judgments, fines,

obligations, expenses and liabilities of any kind or nature whatsoever (including but not limited to any investigative, legal or other expenses reasonably incurred in connection with, and any amount paid in settlement of, any pending or threatened legal action or proceeding) arising out of or relating to such representation. The provisions of this Section 22.6 shall survive the termination of this Agreement.

## 22.7 Amendments and Waivers.

(a) No amendment or waiver of any provisions under this Agreement shall be effective unless made in writing and signed by and on behalf of the Company and the holders of two thirds (2/3) or more of the then outstanding Shares (voting together as a single class and on an as-converted basis), provided that (i) this Agreement may not be amended and no provision under this Agreement may be waived, in either case, with respect to any Shareholder without the written consent of such Shareholder if such Shareholder's rights or obligations hereunder are being affected resulting in a disproportionate outcome as compared to each other Shareholder holding the same type of Shares with the same right or obligation, as the case may be, prior to such amendment, and (ii) without the written consent or affirmative vote of holders of two thirds (2/3) or more of each class of Preferred Shares, the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, such class of Preferred Shares set forth in this Agreement shall not be amended, changed or waived; provided further, however, that if any amendment or waiver of this Agreement is with respect to any matter that has been duly approved by the Shareholders or the Board in accordance with this Agreement and, if required, the Memorandum and Articles, as applicable, to the extent that such amendment or waiver is required or advisable to implement such matter so approved, then such amendment or waiver shall only require the written consent of the Company.

(b) Notwithstanding anything to the contrary in this Section 22.7 or in the Transaction Documents, but without prejudicing the Pre-emption Right the Investors may have under the Transaction Documents or any right, privilege, benefits or interest of any particular Shareholder under the Transaction Documents, in the event that after the Closing the Company intends to issue New Securities at a consideration or deemed consideration per Share greater than the then applicable Conversion Price of the Shares held by such Investor (the "**Qualified New Issuance**"), and so long as the rights, benefits and privileges of such Investor or its Shares will not be adversely or disproportionately affected as a result of the Qualified New Issuance, such Investor shall, and such Investor shall procure the Director appointed by it (if any) to, take, or cause to be taken, all actions, and to do, or cause to be done all things necessary to effectuate Qualified New Issuance, including but not limited to (i) vote in favor of the Qualified New Issuance in the Board Meeting (if applicable) and Shareholders' Meeting, and (ii) amend and revise the Memorandum and Articles, the Investors' Rights Agreement and any other documents or agreements necessary to reflect the amendments and changes resulting from the Qualified New Issuance; provided however that, if as a result of the Qualified New Issuance, the right of liquidation preference under Section 11 and/or the redemption preference under Section 10 of each Investor become subordinated to the right(s) of the holder(s) of the New Securities in the Qualified New Issuance (the "**Preference Change**"), the Investors confirm and acknowledge that any amendments to the Memorandum and Articles, the Investors' Rights Agreement and any other documents or agreements reflecting the Preference Change shall not be deemed to constitute any disproportionate and adverse effect under this Section 22.7 (b). For the avoidance of doubt, the

amendment and revision to the Memorandum and Articles, the Investors' Rights Agreement or any other documents or agreements necessary to reflect the amendments and changes resulting from the Qualified New Issuance pursuant to this Section 22.7 (b) shall take effect only by written consent of the Company and shall not require the signing or consent by any Investor.

(c) For the avoidance of doubt, the issuance of any Equity Securities duly approved in accordance with this Agreement and the Memorandum and Articles and the grant to the holders of such Equity Securities all or any of (1) the right to receive dividends, (2) the right to receive distributions upon liquidation, dissolution or winding up, and (3) the right to redeem such Equity Securities, in each case on parity with or in priority to the Preferred Shares shall not be deemed to constitute any disproportionate and adverse effect under this Section 22.7.

(d) Subject to compliance with the other provisions of this Agreement and the Memorandum and Articles, the Company is hereby empowered to sign a Joinder Agreement in the form attached hereto as Exhibit A on behalf of all Shareholders for the purpose of adding a new Shareholder, whether by permitted transfer hereunder or otherwise, as a party to this Agreement who signs a Joinder Agreement in the form attached hereto as Exhibit A.

(e) The Company shall give prompt notice of any amendment or variation hereof or waiver hereunder to any Party that did not consent in writing to such amendment or variation with. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Party hereto and each of their respective successors and assigns.

**22.8 Severability.** If one or more provisions of this Agreement are held to be unenforceable under any Applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**22.9 Entire Agreement.** This Agreement, the other Transaction Documents and the documents referred to herein and therein, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subject matters hereof and thereof.

**22.10 Avoidance of Restrictions.** The Parties agree that the transfer restrictions in this Agreement shall not be capable of being avoided by the holding of Equity Securities indirectly through a company or other entity that can itself be sold in order to dispose of any interest in Equity Securities free of such restrictions. Any Transfer or issue of any shares (or other interest) of any such company or entity Controlled by directly or indirectly owned by a Founder Party or Haode Investment (or its ultimate Controller) shall be treated as a Transfer of Equity Securities held by such Founder Party or Haode Investment (or its ultimate Controller), and the provisions of this Agreement that apply in respect of the Transfer of Equity Securities shall apply in respect of such Transfer or issue of shares or other interest in such company or entity.

**22.11 Dispute Resolution.** Any dispute, controversy or difference between the Parties arising out of, in connection with or relating to this Agreement (a "**Dispute**") shall be resolved through arbitration pursuant to this Section 22.11. The arbitration shall be conducted in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the

Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIIAC Rules**”) in effect at the time of the arbitration. There shall be three arbitrators. Each of the following: (i) the claimant to the Dispute, or in the case of multiple claimants, all such claimants acting collectively (the “**Claimant**”) and (ii) the respondent to the Dispute, or in the case of more than one respondent, the respondents acting collectively (the “**Respondent**”) shall select one arbitrator. The party commencing the arbitration shall nominate his arbitrator at the time of filing the demand for arbitration. The Respondent shall nominate his arbitrator within thirty (30) days after receiving the demand for arbitration. Such arbitrators shall be freely selected, and neither the Claimant nor the Respondent shall be limited in their selection to any prescribed list. The HKIAC shall select the third arbitrator. Each arbitrator shall be qualified to practice law in Hong Kong. If either party does not appoint an arbitrator within the time set forth above or if there are more than one Claimant or one Respondent and the Claimant (or Respondent as the case may be) fails to agree on the selection of the same arbitrator between themselves as provided above, the relevant appointment or selection shall be made by the HKIAC. The arbitration proceedings shall be conducted in English. If the HKIAC Rules are in conflict with the provisions of this Section 22.11 including the provisions concerning the appointment of arbitrators, the provisions of this Section 22.11 shall prevail. The arbitration tribunal shall decide any Dispute submitted by the Parties to the arbitration strictly in accordance with the substantive law of Hong Kong and shall not apply any other substantive law. In making their award, the arbitrators shall have the authority to award attorney’s fees and other costs and expenses of the arbitration as they deem just and appropriate under the circumstances. The award of the arbitration tribunal shall be final and binding upon the disputing Parties, and any Party may apply to a court of competent jurisdiction for enforcement of such award. A Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

**22.12** Amendment and Restatement of the Original IRA, the Amended IRA and the Second Amended IRA. This Agreement shall take effect from the date hereof and upon the date when this Agreement takes effect, this Agreement shall terminate, supersede and replace the Second Amended IRA in its entirety with immediate effect, provided that nothing herein shall (i) relieve any party to the Original IRA, the Amended IRA and/or the Second Amended IRA from any liability thereunder (including liability for any breach thereof occurring prior to the date hereof) that has already accrued as of the date hereof, or (ii) constitute a waiver of any rights, remedies or claims which a party to the Original IRA, the Amended IRA and/or the Second Amended IRA may have thereunder with respect to the foregoing accrued liability.

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Blue Fortune Limited

By:           /s/ Jiaxing Zhou            
Name: Jiaxing Zhou  
Title: Director

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Taide Investment Management Ltd

By: /s/ Jun Chen  
Name: Jun Chen  
Title: Authorized Signature(s)

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Bel45 Private Opportunities Fund, L.P.**

By: Bel45 Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Bel45 Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Tango Capital Opportunities Fund, L.P.**

By: Tango Capital Opportunities GP, LLC, as general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Tango  
Capital Opportunities Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**TSCL Private Markets Fund, L.P.**

By: TSCL Private Markets GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the TSCL Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**NDSIB Private Opportunities Fund, L.P.**

By: NDSIB Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the  
NDSIB Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Private Opportunities Fund IV, L.P.**

By: BlackRock POF IV (GP), LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the POF  
IV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BR POF IV Cayman Master Fund, L.P.**

By: BlackRock POF IV (GP), LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the POF  
IV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**High Rock Direct Fund, L.P.**

By: High Rock GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the High  
Rock Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock MD Private Opportunities Fund, L.P.**

By: BlackRock MD Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the MD Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**1885 Private Opportunities Fund, L.P.**

By: 1885 Private Opportunities Fund GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the 1885 Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**NHRS Private Opportunities Fund, L.P.**

By: BlackRock NHRS GP, LLC, its general partner  
By: BlackRock PEP Master Carry L.P. (solely on behalf of the  
BR/NHRS Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Sullivan Way Private Opportunities Fund, L.P.**

By: Sullivan Way Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the SW Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Coin Private Opportunities, L.P.**

By: Coin Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Coin Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**POF III Scottish Master, L.P.**

By: BlackRock POF III (GP), LLC, its general partner  
By: BlackRock PEP Master Carry L.P. (solely on behalf of the POF  
III Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Inverwood Private Opportunities Fund, L.P.**

By: BlackRock Inverwood Private Opportunities GP, LLC, its  
general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the  
Inverwood Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

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Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**OV Private Opportunities, L.P.**

By: BR/OV GP, LLC, as general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the  
BR/OV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Red River Direct Investment Fund III, L.P.**

By: Red River Private Equity III, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the Red River III Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BR/ERB Co-Investment Fund II, L.P.**

By: BlackRock Private Equity NM II, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the  
BR/ERB II Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock MSV Private Opportunities Fund, L.P.**

By: BlackRock MSV Private Opportunities GP, LLC, its general partner  
By: BlackRock PEP Master Carry, L.P. (solely on behalf of the MSV Series), its member manager  
By: Portfolio Administration & Management Ltd., its general partner

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Private Equity Partners VII Master, L.P.**

By: BlackRock Investment Management, LLC

By: /s/ Andrew Farris  
Name: Andrew Farris  
Title: Vice President

Signature Page  
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---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Private Equity Partners VII US, L.P.**

By: BlackRock Investment Management, LLC

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Total Alternatives Fund — Private Equity LP**

By: Total Alternatives Fund (GenPar) LLC, its general partner  
By: BlackRock ASG Master Carry L.P. — TAF Series, its sole member  
By: BlackRock Financial Management, Inc., its general partner

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Total Alternatives Fund — Private Equity (B) LP**

By: Total Alternatives Fund (GenPar) LLC, its general partner  
By: BlackRock ASG Master Carry L.P. — TAF Series, its sole member  
By: BlackRock Financial Management, Inc., its general partner

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**BlackRock Private Opportunities Fund IV Master SCSp**

By: POF IV GP S.À.R.L.

By: /s/ Andrew Farris

Name: Andrew Farris

Title: Vice President

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Darsana Master Fund LP

By: Darsana Capital LLC, its general partner

By: /s/ Chris Ferrante

Name: Chris Ferrante

Title: Authorized Signatory

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Fortunate Cup Holdings Limited

By: /s/ Hui Li

Name: Hui Li

Title: Director

Signature Page

Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Lucky Cup Holdings Limited

By: /s/ Hui Li

Name: Hui Li

Title: Director

Signature Page

Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Capital II, L.P.

By: Joy Capital II GP, L.P.  
its general partner

By: Joy Capital GP, Ltd.  
its general partner

By: /s/ Erhai Liu

Name: Erhai Liu

Title: Director

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Signature Page

Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Joy Luck Management Limited

By: /s/ Erhai Liu  
Name: Erhai Liu  
Title: Director

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Honour Ample Limited

By: /s/ Erhai Liu  
Name: Erhai Liu  
Title: Director

Signature Page  
Third Amended and Restated Investors' Rights Agreement

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Galaxy Shine Limited

By: /s/ Zhengxing Shao  
Name: Zhengxing Shao  
Title: Authorized Signature(s)

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Inc.

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title : Director

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee Investment Inc.

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Luckin Coffee (Hong Kong) Limited

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title : Director

Signature Page

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhibin Zhu

Name: Zhibin Zhu

Title: Director

Company Seal:

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

China Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Company Seal:

/s/ Seal of China Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Tianjin Luckin Coffee Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Company Seal:

/s/ Seal of Tianjin Luckin Coffee Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Pingtang Luckin Coffee E-Commerce Co., Ltd.

□□□□□□□□□□□□□□□□

By: /s/ Zhiya Qian

Name: Zhiya Qian

Title: Director

Company Seal:

/s/ Seal of Pingtang Luckin Coffee E-Commerce Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Beijing Luckin Coffee Technology Co., Ltd.

□□□□□□□□□□

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Company Seal:

/s/ Seal of Beijing Luckin Coffee Technology Co., Ltd.

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Zhiya Qian

Signature: /s/ Zhiya Qian  
Zhiya Qian

Summer Fame Limited

By: /s/ Zhiya Qian  
Name: Zhiya Qian  
Title: Director

Signature Page

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Min Chen

Signature: /s/ Min Chen  
Min Chen

May Bliss Limited

By: /s/ Min Chen  
Name: Min Chen  
Title : Director

Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Primus Investments Fund, L.P.

By: Primus Management GP, Limited  
Its general partner

By: /s/ Guo, Lichun  
Name: Guo, Lichun  
Title: Director

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Signature Page

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Haode Investment Inc.

By: /s/ GUO, Lichun

Name: GUO, Lichun

Title: Director

Signature Page

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Mayer Investments Fund, L.P.

By: Mayer Management GP, Limited  
Its general partner

By: /s/ Sunying Wong  
Name: Sunying Wong  
Title: Director

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Signature Page

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

STAR GROVE GLOBAL LIMITED

By: /s/ Paau Siu Wan

Name: Paau Siu Wan

Title: Director

Signature Page

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CAROB INVESTMENT PTE LTD

By: /s/ Suresh Balasubramanian

Name: Suresh Balasubramanian

Title: Director

Signature Page

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**SHARE SUBSCRIPTION AGREEMENT**

This Share Subscription Agreement (this “Agreement”) is made as of April 19, 2019 by and between:

- (1) Luckin Coffee Inc., an exempted company incorporated under the laws of the Cayman Islands (the “Company”); and
- (2) Louis Dreyfus Company B.V., a corporation incorporated under the laws of the Netherlands (the “Purchaser”).

The Purchaser and the Company are sometimes herein referred to each as a “Party” and, collectively, as the “Parties.”

**WHEREAS**, the Company intends to issue and sell to the Purchaser, and the Purchaser intends to subscribe for, such number of Class A ordinary shares in the Company (the “Class A Ordinary Shares”) through a concurrent private placement at the Offer Price (as defined below) for a total purchase price of no more than US\$50,000,000 (the “Commitment”); it being understood that the purchase of Class A Ordinary Shares by the Purchaser as described in the foregoing sentence is subject to the conditions set out herein and subject to, and conditional upon, and will only be made after, the completion of the Offering (as defined below);

**WHEREAS**, to fulfil the Commitment, the Purchaser wishes to subscribe for, and the Company wishes to issue and sell to the Purchaser, Class A Ordinary Shares in a transaction exempt from registration with the United States Securities and Exchange Commission (the “SEC”) pursuant to Regulation S of the U.S. Securities Act of 1933, as amended (“Regulation S” and the “Securities Act,” respectively), as contemplated by this Agreement (the “Private Placement”); and

**WHEREAS**, the Company is expected to file a registration statement on Form F-1 in April 2019 (as amended from time to time, the “Registration Statement”) with the SEC in connection with the initial public offering (the “Offering”) by the Company of American Depositary Shares (the “ADSs”), each representing certain number of Class A Ordinary Shares as specified in the Registration Statement;

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the Parties hereto agree as follows:

**ARTICLE I****PURCHASE AND SALE**

**Section 1.1 Issuance, Sale and Purchase of Class A Ordinary Shares.** Upon the terms and subject to the conditions of this Agreement, at the Closing (as defined below), the Purchaser hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to the Purchaser, subject to and conditional upon the completion of the Offering, at the Offer Price, a number of Class A Ordinary Shares (the “Purchased Shares”), free and clear of all liens or encumbrances, equal to the Total Purchase Price (as defined below) divided by the Offer Price. Where applicable, the number of Purchased Shares should be rounded to the nearest whole number of shares. The total purchase price for the Purchased Shares is US\$50,000,000 (the “Total Purchase Price”). The “Offer Price” means the price equal to the price per ADS set forth on the cover of the Company’s final prospectus in connection with the Offering (the “Final Prospectus”) divided by the number of Class A Ordinary Shares represented by one ADS. The sale and purchase of the Class A Ordinary Shares by the Company to the Purchaser pursuant to this Section 1.1 shall be made pursuant to and in reliance upon Regulation S.

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**Section 1.2 Closing.**

(a) Closing. Subject to Section 1.3, the closing (the "Closing") of the sale and purchase of the Class A Ordinary Shares pursuant to Section 1.1 shall take place as soon as practicable after the initial closing of the Offering or at such other date as the Company and the Purchaser may mutually agree in writing. The date of the Closing are referred to herein as the "Closing Date."

(b) Payment and Delivery. At the Closing, the Purchaser shall pay and deliver the Total Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method or in such other currency as mutually agreed in writing by the Parties, of immediately available fund to such bank account designated by the Company in writing, and the Company shall deliver one or more duly executed share certificates in original form, registered in the name of the Purchaser, together with a certified true copy of the updated register of the members of the Company, evidencing the Class A Ordinary Shares being issued and sold to the Purchaser.

(c) Restrictive Legend. Each certificate representing the Purchased Shares shall be endorsed with the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS OR (3) DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED; AND (B) WITHIN THE UNITED STATES OR TO ANY U.S. PERSON, AS EACH OF THOSE TERMS IS DEFINED IN REGULATIONS UNDER THE ACT, DURING THE 40 DAYS FOLLOWING CLOSING OF THE PURCHASE. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.

The Company shall take reasonable efforts to remove the foregoing legend from any certificate(s) representing the Purchased Shares at the time the Purchased Shares are registered under the Securities Act and sold pursuant to such registration, or are sold or to be sold under Rule 144 under the Securities Act (including any conversion of the Purchased Shares into ADSs), or otherwise in connection with a transfer pursuant to an exemption from registration under the Securities Act.

**Section 1.3 Closing Conditions.**

(a) Conditions of the Purchaser for the Closing. The obligation of the Purchaser to purchase and pay for the Purchased Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived by the Purchaser in its sole discretion:

(i) All corporate and other actions required to be taken by the Company in connection with the issuance and sale of the Purchased Shares shall have been completed.

(ii) Each of the representations and warranties of the Company contained in Section 2.1 of this Agreement shall have been true and correct in all material respects on the date of this Agreement and on and as of the Closing Date; and the Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with by the Company on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits, imposes any damages or penalties that are substantial in relation to the Company, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement; and no action, suit, proceeding or investigation shall have been instituted or threatened by a governmental authority of competent jurisdiction that seeks to restrain, enjoin, prevent, prohibit, impose any damages or penalties that are substantial in relation to the Company, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(iv) The ADSs shall have been listed on the Nasdaq Global Market, subject only to official notice of issuance.

(v) In connection with the Offering of the ADSs, the Company shall have entered into a deposit agreement (the "Deposit Agreement") with The Bank of New York Mellon, as depositary (the "Depositary Bank") which shall provide for the conversion of the Purchased Shares into ADSs upon delivery to the Depositary Bank of the documentation described in Section 3.4 below.

(vi) The initial closing of the Offering shall have been consummated in accordance with the terms of the underwriting agreement (the "Underwriting Agreement") relating to the Offering.

(b) Conditions of the Company. The obligation of the Company to issue and sell the Purchased Shares to be sold to and purchased by the Purchaser as contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Company in its sole discretion:

(i) All corporate and other actions required to be taken by the Purchaser in connection with the purchase of the Purchased Shares shall have been completed.

(ii) The representations and warranties of the Purchaser contained in Section 2.2 of this Agreement shall have been true and correct in all material respects on the date of this Agreement and on and as of the Closing Date; and the Purchaser shall have performed and complied in all material respects with all, and not be in breach or default in any material respect under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with by the Purchaser on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits, imposes any damages or penalties that are substantial in relation to the Company, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement; and no action, suit, proceeding or investigation shall have been instituted or threatened by a governmental authority of competent jurisdiction that seeks to restrain, enjoin, prevent, prohibit, impose any damages or penalties that are substantial in relation to the Company, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(iv) The initial closing of the Offering shall have been consummated in accordance with the terms of the Underwriting Agreement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.1 Representations and Warranties of the Company.** The Company hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows:

(a) Organization and Authority.

(i) The Company is a company duly incorporated as an exempted company with limited liability, validly existing and in good standing under the laws of the Cayman Islands. The Company has all requisite power and authority to carry on its business as presently conducted by it and to carry out the transactions contemplated by this Agreement.

(ii) The Company has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery by the Company of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action on the part of the Company and its shareholders. This Agreement constitutes the valid and legally binding obligations of the Company, enforceable in accordance with its respective terms and conditions, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) Due Issuance of the Purchased Shares. The Purchased Shares have been duly authorized and, when issued and delivered to and paid for by the Purchaser pursuant to this Agreement, will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act, and upon delivery and entry into the register of members of the Company will transfer to the Purchaser good and valid title to the Purchased Shares.

(c) Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate (A) any provision of the memorandum and articles of association of the Company, or (B) any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government entity or court to which the Company is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which the Company is a party or by which the Company is bound or to which the Company's assets are subject. There is no action, suit or proceeding, pending or threatened against the Company that questions the validity of this Agreement or the ability of the Company to enter into this Agreement or to consummate the transactions contemplated hereby.

(d) Consents and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Company of any of the transactions contemplated hereby, nor the performance by the Company of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been obtained, made or given.

(e) No Registration or Integration.

(i) The issuance and sale of the Purchased Shares by the Company to the Purchaser contemplated herein comply with the requirements of Regulation S and are exempted from the registration requirements of the Securities Act.

(ii) The Private Placement will not be integrated with the Offering pursuant to applicable rules and regulations issued under the Securities Act.

(iii) No directed selling efforts (as defined in Rule 902 of Regulation S) have been made by the Company, any of its affiliates or any person acting on its behalf with respect to any Purchased Shares.

(f) Concurrent Private Sales. The Company has not and will not enter into any commitment to sell Ordinary Shares to any other purchaser in a private placement concurrent with the Offering, the terms of which are more favorable than the terms of the Private Placement set forth in this Agreement, unless the Company offers the same more favorable terms to the Purchaser, which more favorable terms the Purchaser may accept or decline, in whole or in part.

**Section 2.2 Representations and Warranties of the Purchaser.** The Purchaser hereby represents and warrants to the Company as of the date hereof and as of the Closing Date, as follows:

(a) Organization and Authority.

(i) The Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the Netherlands. The Purchaser has all requisite power and authority to carry on its business as presently conducted by it and to carry out the transactions contemplated by this Agreement.

(ii) The Purchaser has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery by the Purchaser of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action on the part of the Purchaser and its shareholders. This Agreement constitutes the valid and legally binding obligations of the Purchaser, enforceable in accordance with its respective terms and conditions, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) Consents and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the performance by the Purchaser of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been obtained, made or given.

(c) Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate (A) any provision of the memorandum and articles of association of the Purchaser, or (B) any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government entity or court to which the Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which the Purchaser is a party or by which the Purchaser is bound or to which the Purchaser's assets are subject. There is no action, suit or proceeding, pending or threatened against the Purchaser that questions the validity of this Agreement or the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated hereby.

(d) Solicitation. The Purchaser (i) was not identified or contacted through the marketing of the Offering; and (ii) did not contact the Company as a result of any general solicitation.

(e) Experience. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Purchased Shares. The Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(f) Purchase Entirely for Own Account. The Purchaser is acquiring the Purchased Shares that it is purchasing pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Purchased Shares in violation of the Securities Act or any other applicable state securities law.

(g) Restricted Securities. The Purchaser acknowledges that the Purchased Shares are “restricted securities” that have not been registered under the Securities Act or any applicable state securities law. The Purchaser further acknowledges and agrees that, absent an effective registration under the Securities Act, the Purchased Shares may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act or (z) pursuant to an exemption from registration under the Securities Act.

(h) Information. The Purchaser has been afforded the opportunity to ask questions of and receive answers from representatives of the Company concerning the foregoing, including the terms and conditions of this Agreement; provided, however, neither such inquiries nor any other investigation conducted by or on behalf of such Purchaser or by its representatives or counsel shall modify, amend or affect such Purchaser’s right to rely on the truth, accuracy and completeness of the disclosure materials provided by the Company under this Agreement, which include the Company’s Private Placement Memorandum dated March 2019. The Purchaser is not relying on, and has not relied on, any statement, representation or warranty made by any person or any disclosure made in the Registration Statement, except for the statements, representations and warranties contained in this Agreement, the Company’s Private Placement Memorandum dated March 2019. The Purchaser has consulted to the extent deemed appropriate by such Purchaser with such Purchaser’s own advisers as to the financial, tax, legal and related matters concerning an investment in the Purchased Securities and on that basis believes that an investment in the Purchased Securities is suitable and appropriate for such Purchaser.

(i) Not U.S. Person. The Purchaser is not a “U.S. person” as defined in Rule 902 of Regulation S.

(j) Offshore Transaction. The Purchaser has been advised and acknowledges that in issuing the Purchased Shares to the Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S.

### ARTICLE III

#### COVENANTS

**Section 3.1 Distribution Compliance Period**. The Purchaser agrees not to resell, pledge or transfer any Purchased Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Closing Date.

**Section 3.2 Standstill**.

(a) The Purchaser hereby agrees that, without the prior written approval of the Company, the Purchaser and its affiliates and any person acting on behalf of or in concert with the Purchaser or any of its affiliates will not, for a period of one year from the date of this Agreement, acquire additional shares in the Company, as a result of which the Purchaser owns, directly or indirectly, 5% or more of the total outstanding shares of Voting Securities (as defined below) of the Company, calculated on a basis that includes all ordinary shares actually outstanding. “Voting Securities” shall mean the ordinary shares (including Class A Ordinary Shares represented by the Company’s ADSs) and any other securities entitled to vote generally for the election of directors of the Company. For the avoidance of doubt, the Purchased Shares acquired by the Purchaser on the Closing Date under this Agreement are not “additional” Class A Ordinary Shares for purposes of this Section 3.2(a).

(b) The Purchaser hereby agrees that, without the prior written approval of the Company, the Purchaser will not, and will use its best efforts to cause its affiliates and any person acting on behalf of or in concert with the Purchaser or any of its affiliates not to, for a period of one year from the date of this Agreement, directly or indirectly, acting alone or with others, assist, support, encourage, finance, participate with or advise any other person's or entity's efforts to:

(i) acquire, agree to acquire, propose, seek or offer to acquire, or facilitate the acquisition or ownership of, any securities or assets of the Company or any of its subsidiaries, or any warrant, option or other right to acquire any such securities or assets,

(ii) propose a merger, business combination, tender or exchange offer, share exchange, recapitalization, consolidation or other similar transaction involving the Company or any of its subsidiaries;

(iii) make, or in any way participate or engage in, any solicitation of proxies to vote, or seek to advise or influence any person with respect to the voting of, any voting securities of the Company;

(iv) form, join or in any way participate in a "group" (as defined in Section 13(d)(3) of the Exchange Act), or act in concert with any person with respect to the securities of the Company or any of its subsidiaries in an attempt to circumvent the provisions of this Agreement;

(v) otherwise act, alone or in concert with others, to seek to control or influence the management or the policies of the Company;

(vi) propose or offer to purchase, lease or otherwise acquire all or a substantial portion of the assets of the Company or any of its subsidiaries;

(vii) solicit or participate in the solicitation of any proxies or consents with respect to the voting securities of the Company or any of its subsidiaries; or

(viii) (A) enter into any substantial discussions or arrangements with any third party with respect to, (B) disclose any intention, plan or arrangement prohibited by or inconsistent with, or (C) advise, assist or encourage or enter into any discussions, negotiations, agreements or arrangements with any other persons in connection with, any of the foregoing.

**Section 3.3 Further Assurances.** From the date of this Agreement until the Closing Date, the Parties shall use their best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby.

**Section 3.4 Conversion.** The Purchaser shall have the right to convert, and the Company shall procure the conversion of the Purchased Shares into ADSs pursuant to the Deposit Agreement and applicable laws and regulations upon (i) delivery by the Purchaser of an opinion of counsel to the Company or its duly appointed transfer agent, pursuant to Section 1.2(c) of this Agreement, in support of removal of the restrictive legend from each certificate representing the Purchased Shares; and (ii) delivery by the Purchaser to the Depository Bank or its duly authorized custodian or agent of (A) written instructions requesting the conversion of the Purchased Shares into ADSs, (B) the certificates representing the Purchased Shares, duly endorsed for transfer, (C) the applicable service fees of the Depository and (D) written instructions as to the delivery of the ADSs to the Purchaser. In connection with the conversion of the Purchased Shares into ADSs, the Purchaser shall also deliver to the Depository Bank such other customary documents that are required from the Purchaser by the Depository Bank.

## ARTICLE IV

### MISCELLANEOUS

**Section 4.1 Governing Law; Arbitration.** This Agreement shall be governed and interpreted in accordance with the laws of the State of New York without giving effect to the conflicts of law principles thereof. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be one arbitrator, which shall be appointed by the Purchaser. The language to be used in the arbitration proceedings shall be English.

**Section 4.2 Amendment.** This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

**Section 4.3 Binding Effect.** This Agreement shall inure to the benefit of, and be binding upon, each of the Company and the Purchaser and their respective heirs, successors and permitted assigns and legal representatives.

**Section 4.4 Assignment.** Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the Company or the Purchaser without the express written consent of the other Parties, except that the Purchaser may assign all or any of its rights and obligations hereunder to any affiliate of Purchaser without the consent of the other Parties, *provided* that no such assignment shall relieve the Purchaser of its obligations hereunder if such assignee does not perform such obligations. Any purported assignment in violation of the foregoing sentence shall be null and void.

**Section 4.5 Notices.** All notices, requests and other communications to any Party shall be in writing and shall be delivered in person, mailed by certified or registered mail, return receipt requested and properly addressed as follows::

If to the Purchaser, at:  
Westblaak 92, 3012 Rotterdam, Netherlands  
Attn: the board of directors

With copies to:

Louis Dreyfus Company Asia Pte. Ltd.  
12 Marina Boulevard, Marina Bay Financial Centre, Tower 3 #33-03 Singapore 018982  
Attn: Massimiliano Talli

Norton Rose Fulbright (Asia) LLP  
9 Straits View, Marina One West Tower, #09-09  
Singapore, 018937  
Attn: Craig Loveless

If to the Company, at:

17F Block A, Tefang Portman Tower  
No. 81 Zhanhong Road  
Siming District, Xiamen, Fujian  
People's Republic of China, 361008  
Attn: Chief Financial Officer

With copies to:

Davis Polk & Wardwell LLP  
2201 China World Office 2  
1 Jian Guo Men Wai Avenue  
Chaoyang District, Beijing  
People's Republic of China, 100004  
Attn: Li He, Esq.

Any Party may change its address for purposes of this Section 4.5 by giving the other Party hereto written notice of the new address in the manner set forth above.

**Section 4.6 Entire Agreement.** This Agreement constitutes the entire understanding and agreement between the Parties hereto with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by this Agreement.

**Section 4.7 Severability; Separate Obligations.** If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

**Section 4.8 Fees and Expenses.** Each of the Purchaser and the Company will bear all expenses incurred by itself in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated by this Agreement.

**Section 4.9 Public Announcements.** None of the Parties to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media without the prior written consent of the Purchaser and the Company unless otherwise required by applicable laws and regulations of applicable stock exchange(s), and the Parties to this Agreement shall cooperate as to the timing and contents of any such press release, public announcement or communication.

**Section 4.10 Specific Performance.** The Parties hereto agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

**Section 4.11 Termination.** In the event that the Closing shall not have occurred by June 30, 2019, this Agreement shall be terminated unless the Parties mutually agree in writing by June 30, 2019 to provide for a later date.

**Section 4.12 Execution in Counterparts.** For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

Luckin Coffee Inc.

By: /s/ Reinout Hendrik Schakel  
Name: Reinout Hendrik Schakel  
Title: CFO

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

Louis Dreyfus Company B.V.

By: /s/ Massimiliano Talli  
Name: Massimiliano Talli  
Title: Asia Legal Head  
(acting under power of attorney dated 18 April 2019)

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

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**MASTER EXCLUSIVE SERVICE AGREEMENT**

This Master Exclusive Service Agreement (this “**Agreement**”) is entered into in Beijing as of July 20, 2018 by and among the following parties:

- (1) **Beijing Luckin Coffee Co., Ltd.** (the “**WFOE**”), a wholly foreign-owned enterprise registered in Beijing, the People’s Republic of China (“**China**” or “**PRC**”), under the laws of China; and
- (2) **Beijing Luckin Coffee Technology Ltd.** (“**Luckin Tech**”), a domestic company registered in Beijing, China, under the laws of China

(Each of WFOE and Luckin Tech, a “**Party**”, and collectively the “**Parties**”).

**RECITALS**

**WHEREAS**, the Parties intend to utilize their respective expertise and resources to further promote their existing business and expand their market share; and

**WHEREAS**, the WFOE, together with its affiliates, intends to provide certain services to Luckin Tech; and Luckin Tech agrees to accept such services only from the WFOE.

**NOW, THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

**AGREEMENT****1. Provision of Services**

- 1.1 In accordance with the terms and conditions set forth in this Agreement, Luckin Tech (referred to as the “**Service Receiving Party**”) hereby irrevocably appoints and designates the WFOE as its exclusive service provider to provide the technical and business support services as set forth in Schedule 1.
- 1.2 During the term of this Agreement, the Service Receiving Party shall not, without the WFOE’s written consent, directly and indirectly, obtain the same or similar services as provided under this Agreement from any third party, or enter into any similar service agreement with any third party.

**2. WFOE’s Power to Designate Service Provider; Statement of Work**

- 2.1 The WFOE has the right to designate and appoint, at its sole discretion, any entities affiliated with the WFOE (together with the WFOE, the “**Service Providers**”) to provide any and all services set forth in Section 1 hereof.
- 2.2 Service Providers shall determine the specific contents of services within the scope listed in Schedule 1 with the Service Receiving Party in one or more separate service agreements (each, a “**Service Agreement**”).

**3. Service Fee and Payment**

- 3.1 The WFOE shall have the right to determine, at its reasonable discretion, the service fee and proper payment manners for the Service Receiving Party. The calculation and payment manners of the service fee are stipulated in Schedule 1 of this Agreement.
- 3.2 If the WFOE, in its reasonable discretion, determines that the fee calculation mechanism specified shall no longer apply for any reasons at any time or from time to time during the term of this Agreement, the WFOE shall have the right to adjust the fee by giving a 10-day written notice to the Service Receiving Party.
- 3.3 The Service Receiving Party shall procure its shareholders to pledge all of the shares of the Service Receiving Party held by such shareholders in favor of the WFOE to secure the service fee payable by the Service Receiving Party under this Agreement.

**4. Intellectual Property Rights**

- 4.1 Any intellectual properties developed by performance of this Agreement, including but not limited to copyrights, trademarks, patents, technical secrets, and knowhow, belong to the Service Providers, and the Service Receiving Party shall enjoy no rights where they relate to intellectual properties other than those expressly provided herein.
- 4.2 If a development is based on the intellectual properties owned by the Service Receiving Party, the Service Receiving Party shall warrant and guarantee that such intellectual properties are flawless. Otherwise, the Service Receiving Party shall bear all damages and losses caused to the Service Providers by any flaw of such intellectual properties. If the Service Providers are to bear any liabilities to any third party thus caused, they have the right to recover all of their losses from Service Receiving Party.
- 4.3 The Parties agree that this section shall survive the termination or expiration of this Agreement.

**5. WFOE's Financing Support**

- 5.1 To ensure that the cash flow requirements with regard to the business operations of the Service Receiving Party are met and/or to set off any loss accrued during such operations, the WFOE agrees that it shall, to the extent permissible under PRC law, through itself or its designated person, provide financial support to the Service Receiving Party. The WFOE's financing support to the Service Receiving Party may take the form of bank entrusted loans or other forms permitted under PRC law. Agreements for such financing support shall be executed separately.

**6. Representations and Warranties**

- 6.1 The WFOE hereby represents and warrants as follows:
  - (a) It is a wholly foreign-owned enterprise duly incorporated and validly existing under PRC law;
  - (b) Its execution and performance of this Agreement are within its corporate power and business scope. It has taken necessary corporate actions and obtained appropriate authorizations, and has obtained the necessary consents and approvals from any third parties and government agencies. Its execution and performance of this Agreement do not violate the laws and contracts binding upon it; and

- (c) Upon execution, this Agreement will constitute a legal, valid and binding obligation of the WFOE enforceable against the WFOE in accordance with its terms.

6.2 The Service Receiving Party hereby represents and warrants as follows:

- (a) It is a legal person duly incorporated and validly existing under PRC law;
- (b) Its execution and performance of this Agreement are within its entity power and business scope. It has taken necessary entity actions and obtained appropriate authorizations, and has obtained the necessary consents and approvals from any third parties and government agencies. Its execution and performance of this Agreement do not violate the laws and contracts binding upon it; and
- (c) Upon execution, this Agreement will constitute a legal, valid and binding obligation of the Service Receiving Party enforceable against the Service Receiving Party in accordance with its terms.

## 7. Confidentiality

7.1 The Service Receiving Party agrees to take all reasonable steps to protect and maintain the confidentiality of the confidential data and information received by the Service Receiving Party in connection with the performance of this Agreement (collectively, the “**Confidential Information**”). The Service Receiving Party shall not disclose, give or transfer any Confidential Information to any third party without the WFOE’s prior written consent. Upon termination of this Agreement, the Service Receiving Party shall, at the WFOE’s request, return any and all documents, information or software containing any of such Confidential Information to the WFOE or destroy it, and delete all of such Confidential Information from any memory devices, and cease to use such Confidential Information.

7.2 The Parties agree that this section shall survive the termination or expiration of this Agreement.

## 8. Effective Date and Term

8.1 This Agreement shall be signed and take effect as of the date first set forth above.

8.2 This Agreement shall remain effective unless terminated as provided herein. Notwithstanding the foregoing provisions, i) the WFOE shall have the right to terminate this Agreement at any time with a written notice to Luckin Tech given thirty (30) days in advance, whereas the Service Receiving Party shall not have the right to terminate this Agreement; and ii) This Agreement shall be terminated upon the transfer of all the shares of Luckin Tech to the WFOE and/or a third party designated by the WFOE pursuant to the Exclusive Option Agreement.

## 9. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

## 10. Dispute Resolution

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the WFOE and Luckin Tech in good faith through negotiations. In case no resolution can be reached by the WFOE and Luckin Tech, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral award shall be final and binding upon both Parties.

## **11. Notices**

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service or by facsimile transmission to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (a) a notice delivered personally is deemed duly served upon delivery; (b) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon receipt as evidenced by the time shown in the transmission confirmation for the relevant documents.

## **12. Indemnities and Remedies**

12.1 Either Party shall forthwith on demand indemnify the other Party against any claim, loss, liability or damage (“Loss”) which such Party shall incur as a consequence of any breach by the other Party of this Agreement provided that neither Party shall be liable to indemnify the other Party for any Loss to the extent that such Loss arises from the willful misconduct, breach of applicable law, regulation or contractual obligation or from the material negligence of the other Party or its directors, officers, employees, or agents.

12.2 The Parties agree that this section shall survive the termination or expiration of this Agreement.

## **13. Assignment**

13.1 The Service Receiving Party shall not assign any of its rights or obligations under this Agreement to any third party without the prior written consent of the WFOE.

13.2 The Service Receiving Party hereby agrees that the WFOE may assign its rights and obligations under this Agreement, only subject to a written notice to Luckin Tech.

## **14. Severability**

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

## **15. Amendment or Supplement**

Any amendment or supplement to this Agreement shall be made by the Parties in writing. The amendments or supplements duly executed by each party shall form an integral part of this Agreement and shall have the same legal effect as this Agreement.

## **16. Tax**

Each Party shall pay any tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation, execution and performance of this Agreement.

**17. Counterparts**

This Agreement shall be executed in two originals by both Parties, with each of the WFOE and Luckin Tech holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts

**18. Languages**

This Agreement is written in English and Chinese. Both language versions shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

**Beijing Luckin Coffee Co., Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

**Beijing Luckin Coffee Technology Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Technology Ltd.

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**BUSINESS COOPERATION AGREEMENT**

This Business Cooperation Agreement (the “**Agreement**”) is entered into in Beijing as of July 20, 2018 by and among the following parties:

- (1) **Beijing Luckin Coffee Co., Ltd.** (the “**WFOE**”), a wholly foreign-owned enterprise registered in Beijing, the People’s Republic of China (“**China**” or “**PRC**”), under the laws of China;
  - (2) **Beijing Luckin Coffee Technology Ltd.** (“**Luckin Tech**”), a domestic company registered in Beijing, China, under the laws of China; and
  - (3) each of the persons listed under Schedule 1 (each, a “**Shareholder**” and collectively, the “**Shareholders**”)
- (Each of the WFOE, Luckin Tech and each of the Shareholders, a “**Party**”, and collectively the “**Parties**”).

**RECITALS**

- (1) **WHEREAS**, the WFOE engages in the business of and has the relevant expertise and practical experience in the following areas: the catering services; sale of food and beverage; management of catering services.
- (2) **WHEREAS**, Luckin Tech engages in the business of developing and operating catering related Internet technology in China;
- (3) **WHEREAS**, the WFOE has entered into a Master Exclusive Service Agreement (the “**Service Agreement**”) dated July 20, 2018 with Luckin Tech, pursuant to which the WFOE is entitled to receive service fees from Luckin Tech; **and**
- (4) **WHEREAS**, the Shareholders hold 100% shares in Luckin Tech.

**NOW, THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

**AGREEMENT**

**1. Negative Covenants**

To ensure that Luckin Tech perform its obligations under the Service Agreement and/or other agreements executed with the WFOE, the Shareholders and Luckin Tech jointly and severally, agree and covenant that, without obtaining the WFOE’s written consent, Luckin Tech shall not, and the Shareholders shall cause Luckin Tech not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including but not limited to:

- (a) any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice;
- (b) merger, reorganization, acquisition or restructuring of its principal business or assets, or acquisition or investment in any other form;

- (c) offering any loan to any third party, incurring any debt from any third party, or assuming any debt other than in the ordinary course of business;
- (d) engaging, changing or dismissing any director or any senior management officer;
- (e) selling to or acquiring from any third party, mortgaging, licensing or disposing of in other ways tangible or intangible assets, other than in the ordinary course of business;
- (f) incurring, inheriting, assuming or guaranteeing any debt that are not incurred during the ordinary course of business, using its assets to provide security or other forms of guarantees to any third party, or setting up any other encumbrances over its assets;
- (g) making any supplement, amendment or alternation to its articles of association and bylaws, increasing or decreasing of its registered capital or changing the structure of its registered capital in other manners;
- (h) making distribution of dividend or share interest or shareholding interest in whatever ways, provided that upon the WFOE's written request, Luckin Tech shall immediately distribute part or all distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE any such distribution;
- (i) executing any material contract, except the contracts executed in the ordinary course of business (for purpose of this subsection, the WFOE may define a material contract at its sole discretion);
- (j) Selling, transferring, mortgaging or disposing of in any manner any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;
- (k) dissolution, conducting liquidation and distributing the residual assets; or
- (l) Causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.

## **2. Business Operation and Personnel Arrangement**

- 2.1 Luckin Tech agrees and covenants to the WFOE that Luckin Tech shall, and the Shareholders shall cause Luckin Tech to, i) accept suggestions raised by the WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Luckin Tech, and Luckin Tech shall strictly abide by and perform accordingly; ii) maintain Luckin Tech's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs; iii) operate all of Luckin Tech's businesses during the ordinary course of business to maintain the asset value of Luckin Tech and refrain from any action/omission that may adversely affect Luckin Tech's operating status and asset value; iv) provide the WFOE with information on Luckin Tech's business operations and financial condition at WFOE's request; v) if requested by the WFOE, procure and maintain insurance in respect of Luckin Tech's assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses; vi) immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Luckin Tech's assets, business or revenue; and vii) execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims so as to maintain the ownership by Luckin Tech of all of its assets.

- 2.2 The Shareholders shall only appoint persons designated by the WFOE to be the directors of Luckin Tech in accordance with the procedures required by laws, regulations and relevant articles of association. Luckin Tech shall cause the persons designated by the WFOE to be the general manager, chief financial officer and other senior management members of Luckin Tech.
- 2.3 If any of the above directors or senior management members designated by the WFOE resigns from the relevant position or is dismissed at the request of the WFOE, the Shareholders or Luckin Tech, as the case may be, shall dismiss such person from Luckin Tech upon the WFOE's request, and shall appoint any other person designated by the WFOE to hold such position.
- 2.4 Luckin Tech together with its Shareholders hereby jointly and severally covenant to and agree with the WFOE that Luckin Tech shall seek appropriate approval from the WFOE prior to entering into any material contract in accordance with relevant internal approval policy of Luckin Tech.

### **3. Other Arrangements**

Given (i) that the business relationship between the WFOE (together with its affiliates) and Luckin Tech has been established through the Service Agreement and (ii) that the daily business activities of Luckin Tech will have a material impact on Luckin Tech's ability to pay the payables to the WFOE or its affiliates, the Shareholders agree that, unless required by the WFOE:

- (a) They shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Luckin Tech to, distribute any profits, funds, assets or property to the Shareholders of Luckin Tech; and
- (b) They shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Luckin Tech to, issue any dividends or other distributions with respect to the shares of Luckin Tech held by the Shareholders; provided, however, if any dividends or other distributions are distributed to the Shareholders by Luckin Tech, the Shareholders shall immediately and unconditionally pay or transfer to the WFOE any and all dividends or other distributions in whatsoever form obtained from Luckin Tech as shareholders of Luckin Tech at the time such distributions arise, and the Shareholders shall bear any and all taxes and fees with respect to such transfer of dividends and distributions to the WFOE (including the taxes and fees imposed on the WFOE) in the event such dividends or distributions are paid to the Shareholders without the WFOE's prior written consent.

### **4. Assignments**

The Shareholders and Luckin Tech shall not assign their respective rights and obligations under this Agreement to any third party without the prior written consent of the WFOE. The Shareholders and Luckin Tech hereby jointly agree that the WFOE may assign its rights and obligations under this Agreement as the WFOE may decide at its sole discretion and such transfer shall only be subject to a written notice sent to Luckin Tech and the Shareholders.

Rights and obligations under this Agreement shall be legally binding upon any assignees, successors, spouse, guardians and creditors of the Parties hereof or any other person that may be entitled to assume rights and interests in the shares of Luckin Tech, no matter such assignment of obligations and rights is caused by takeover, restructuring, succession, assignment, death, incapacity, bankruptcy, divorce or any other reason.

**5. Entire Agreement and Amendment to Agreement**

- 5.1 This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall supersede any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.
- 5.2 Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreement and shall have the same legal effect as this Agreement.

**6. Governing Law**

This Agreement shall be construed in accordance with and governed by the laws of China.

**7. Dispute Resolution**

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral award shall be final and binding upon all Parties.

**8. Indemnities and Remedies**

- 8.1 Either Party shall forthwith on demand indemnify the other Party against any claim, loss, liability or damage (“Loss”) which such Party shall incur as a consequence of any breach by the other Party of this Agreement provided that neither Party shall be liable to indemnify the other Party for any Loss to the extent that such Loss arises from the willful misconduct, breach of applicable law, regulation or contractual obligation or from the material negligence of the other Party or its directors, officers, employees, or agents.
- 8.2 The Parties agree that this section shall remain survive the termination or expiration of this Agreement.

**9. Effective Date and Term**

- 9.1 This Agreement shall be signed and take effect as of the date first set forth above.
- 9.2 This Agreement shall remain effective as long as Luckin Tech exists unless terminated as provided in Section 10.

**10. Termination**

- 10.1 Neither of the Shareholders and Luckin Tech shall have the right to terminate this Agreement. This Agreement shall be terminated i) by the WFOE at any time with thirty (30) days advance written notice to Luckin Tech and the Shareholders; ii) upon the transfer of all the shares held by the Shareholders to the WFOE and/or a third party designated by the WFOE pursuant to the Exclusive Option Agreement.

if any Shareholder cease to hold any shares in Luckin Tech, such Shareholder shall no longer be a party of this Agreement, but this Agreement shall remain in full effect to any other Shareholder and Luckin Tech.

**11. Notices**

11.1 Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service or by facsimile transmission to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (a) a notice delivered personally is deemed duly served upon delivery; (b) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon receipt as evidenced by the time shown in the transmission confirmation for the relevant documents.

**12. Severability**

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

**13. Counterparts**

This Agreement shall be executed in five originals by all Parties, with each of the WFOE, the Shareholders, and Luckin Tech holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

**14. Languages**

Both English and Chinese language versions of this Agreement shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

**Beijing Luckin Coffee Co., Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

**Beijing Luckin Coffee Technology Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Technology Ltd.

**Zhiya Qian**

Signature:  /s/ Zhiya Qian

**Jinyi Guo**

Signature:  /s/ Jinyi Guo

**Min Chen**

Signature:  /s/ Min Chen

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**PROXY AGREEMENT AND POWER OF ATTORNEY**

This Proxy Agreement and Power of Attorney (this “**Agreement**”) is entered into in Beijing as of July 20, 2018 by and among the following parties:

- (1) **Beijing Luckin Coffee Co., Ltd.** (the “**WFOE**”), a wholly foreign-owned enterprise registered in Beijing, the People’s Republic of China (“**China**” or “**PRC**”), under the laws of China;
  - (2) **Beijing Luckin Coffee Technology Ltd.** (“**Luckin Tech**”), a domestic company registered in Beijing, China, under the laws of China; and
  - (3) each of the persons listed under Schedule 1 (each, a “**Shareholder**” and collectively, the “**Shareholders**”)
- (Each of WFOE, Luckin Tech and each of the Shareholders, a “**Party**”, and collectively the “**Parties**”).

**RECITALS**

- (A) **WHEREAS**, the Shareholders hold 100% shares in Luckin Tech;
- (B) **WHEREAS**, the WFOE, Luckin Tech and the Shareholders have entered into a series of contractual arrangements, including a master exclusive service agreement, a business cooperation agreement, an exclusive option agreement and a share pledge agreement; these contractual arrangements provide Luckin Tech with services necessary for its business operation and also ensure that the WFOE has comprehensive, continuous and effective control over Luckin Tech;
- (C) **WHEREAS**, as the consideration for the WFOE and its affiliates to provide Luckin Tech with services necessary for its business operation, the WFOE has requested the Shareholders to appoint the WFOE (as well as its successors, including a liquidator, if any, replacing the WFOE) as its attorney-in-fact (“**Attorney-in-Fact**”), with full power of substitution, to exercise any and all of the rights in respect of the Shareholders’ shares in Luckin Tech and the Shareholders have agreed to make such appointment.

**NOW, THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

**AGREEMENT**

Section 1

Each Shareholder hereby **irrevocably** nominates, appoints and constitutes the WFOE (as well as its successors, including a liquidator, if any, replacing the WFOE) as its Attorney-in-Fact to exercise on such Shareholder’s behalf any and all rights that such Shareholder has in respect of such Shareholder’s shares in Luckin Tech conferred by relevant laws and regulations and the articles of association of Luckin Tech, including without limitation, the following rights (collectively, “**Shareholder Rights**”):

- (a) to call and attend shareholders' meetings of Luckin Tech, and receive notices and materials with respect to the shareholders meeting;
- (b) to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such Shareholder;
- (c) to vote by itself or by proxy on any matters discussed on shareholders' meetings of Luckin Tech, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Luckin Tech;
- (d) to sell, transfer, pledge or dispose of any or all of the shares in Luckin Tech;
- (e) to nominate, appoint or remove the directors, supervisors and senior management of Luckin Tech when necessary;
- (f) to oversee the economic performance of Luckin Tech;
- (g) to have full access to the financial information of Luckin Tech at any time;
- (h) to file any shareholder lawsuits or take other legal actions against Luckin Tech's directors or senior management members when such directors or members are acting to the detriment of the interest of Luckin Tech or its shareholder(s);
- (i) to approve annual budgets or declare dividends;
- (j) to manage and dispose of the assets of Luckin Tech;
- (k) to have the full rights to control and manage Luckin Tech's finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);
- (l) to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
- (m) any other rights conferred by the articles of association of Luckin Tech and/or the relevant laws and regulations on the shareholders.

Each Shareholder further agrees and undertakes that without the Attorney-in-Fact's prior written consent, it shall not exercise any of the Shareholder Rights.

## Section 2

The Attorney-in-Fact has the right to appoint, at its sole discretion, a substitute or substitutes to perform any or all of its rights of the Attorney-in-Fact under this Agreement, and to revoke the appointment of such substitute or substitutes.

## Section 3

Luckin Tech confirms, acknowledges and agrees to the appointment of the Attorney-in-Fact to exercise any and all of the Shareholder Rights. Luckin Tech further confirms and acknowledges that (i) any and all acts done or to be done, decisions made or to be made, and instruments or other documents executed or to be executed by the Attorney-in-Fact, shall therefore be as valid and effectual as though done, made or executed by the Shareholders, and (ii) Luckin Tech will not recognize and facilitate any and all activities of the Shareholders which are in violation of or inconsistent with this Agreement.

#### Section 4

(a) Each Shareholder hereby acknowledges that, if the Shareholder increases its share in Luckin Tech, whether by subscribing additional shares or otherwise, any Shareholder Rights in connection with such additional shares acquired by the Shareholder shall be automatically subject to this Agreement and the Attorney-in-Fact shall have the right to exercise the Shareholder Rights with respect to such additional shares on behalf of the Shareholder as described in Section 1 hereunder; if the Shareholder's share in Luckin Tech is transferred to any other party, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, any such share in Luckin Tech so transferred remains subject to this Agreement and the Attorney-in-Fact shall continue to have the right to exercise the Shareholder Rights with respect to such share in Luckin Tech so transferred as described in Section 1 hereunder.

(b) Furthermore, for the avoidance of any doubt, if any share transfer is contemplated under any exclusive option agreement and share pledge agreement(s) that such Shareholder enters into for the benefits of the WFOE or its affiliate (as the same may be amended from time to time), the Attorney-in-Fact shall, on behalf of the Shareholder, have the right to sign the share transfer agreement and other relevant agreements and to perform all shareholder obligations under the exclusive option agreement and the share pledge agreement(s). If required by the WFOE, the Shareholder shall sign any documents and fix the chops and/or seals thereon and the Shareholder shall take any other actions as necessary for purposes of consummation of the aforesaid share transfer.

#### Section 5

Each Shareholder further covenants with and undertakes to the WFOE that, if the Shareholder receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of share as a result of, or in connection with, such Shareholder's shares in Luckin Tech, the Shareholder shall, to the extent permitted by applicable laws, remit all such dividends, interest, capital distributions, assets, proceeds or consideration to the WFOE or the entity designated by the WFOE without any compensation, and shall bear any and all taxes and fees with respect thereto.

#### Section 6

Each Shareholder hereby authorizes the Attorney-in-Fact to exercise the Shareholder Rights according to its own judgment without any oral or written instruction from the Shareholder. Each Shareholder undertakes to ratify any acts which the Attorney-in-Fact or any substitutes or agents appointed by the Attorney-in-Fact may lawfully do or cause to be done pursuant to this Agreement.

#### Section 7

This Agreement shall become effective as of the date hereof when it is duly executed by the Parties' authorized representatives and shall remain effective as long as Luckin Tech exists. The Shareholders shall not have the right to terminate this Agreement or revoke the appointment of the Attorney-in-Fact without the prior written consent of the WFOE. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assigns. If any Shareholder ceases to hold any shares in Luckin Tech with the prior approval of WFOE, such Shareholder shall no longer be a party of this Agreement, but this Agreement shall remain in full effect to any other Shareholder and Luckin Tech.

Section 8

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

Section 9

This Agreement shall be construed in accordance with and governed by the laws of China.

Section 10

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral award shall be final and binding upon all Parties.

Section 11

Either Party shall forthwith on demand indemnify the other Party against any claim, loss, liability or damage ("Loss") which such Party shall incur as a consequence of any breach by the other Party of this Agreement provided that neither Party shall be liable to indemnify the other Party for any Loss to the extent that such Loss arises from the willful misconduct, breach of applicable law, regulation or contractual obligation or from the material negligence of the other Party or its directors, officers, employees, or agents. The Parties agree that this clause shall survive the termination or expiration of this Agreement.

Section 12

This Agreement may be executed in one or more counterparts. All originals shall have the same legal effect.

Section 13

Both Chinese and English versions of this Agreement shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

**Beijing Luckin Coffee Co., Ltd.**

Authorized Representative: Zhiya Qian

Signature:     /s/ Zhiya Qian    

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

**Beijing Luckin Coffee Technology Ltd.**

Authorized Representative: Zhiya Qian

Signature:     /s/ Zhiya Qian    

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Technology Ltd.

**Zhiya Qian**

Signature:     /s/ Zhiya Qian    

**Jinyi Guo**

Signature:     /s/ Jinyi Guo    

**Min Chen**

Signature:     /s/ Min Chen    

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## EXCLUSIVE OPTION AGREEMENT

This Exclusive Option Agreement (this “**Agreement**”) is entered into in Beijing as of July 20, 2018 by and among the following parties:

- (1) **Beijing Luckin Coffee Co., Ltd.** (the “**WFOE**”), a wholly foreign-owned enterprise registered in Beijing, the People’s Republic of China (“**China**” or “**PRC**”), under the laws of China;
  - (2) **Beijing Luckin Coffee Technology Ltd.** (“**Luckin Tech**”), a domestic company registered in Beijing, China, under the laws of China; and
  - (3) each of the persons listed under Schedule 1 (each, a “**Shareholder**” and collectively, the “**Shareholders**”)
- (Each of WFOE, Luckin Tech and each of the Shareholders, a “**Party**”, and collectively the “**Parties**”).

## RECITALS

- (A) **WHEREAS**, the Shareholders hold 100% shares in Luckin Tech;
- (B) **WHEREAS**, the WFOE and Luckin Tech entered into a master exclusive service agreement dated on July 20, 2018;
- (C) **WHEREAS**, the WFOE, Luckin Tech and the Shareholders entered into a business cooperation agreement dated July 20, 2018;
- (D) **WHEREAS**, the WFOE, Luckin Tech and the Shareholders entered into a share pledge agreement on July 20, 2018 (the “**Share Pledge Agreement**”);
- (E) **WHEREAS**, as the consideration for the WFOE and its affiliates to provide Luckin Tech with services necessary for their business operation, the WFOE has requested the Shareholders to grant the WFOE an exclusive option through this Agreement which can be exercised by the WFOE or the WFOE’s designee, and the Shareholders have agreed to grant such exclusive option to purchase all or part of the shares held by the Shareholders in Luckin Tech.
- (F) **NOW, THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

## AGREEMENT

### 1. Target Shares

- 1.1 The WFOE shall have the right to require the Shareholders to transfer any and all of the shares of Luckin Tech the Shareholders hold (the “**Target Shares**”) to the WFOE and/or a third party designated by the WFOE (the “**Designee**”), in whole or in part, subject to the WFOE’s specific requirements (“**Share Transfer Option**”), and the Shareholders shall transfer the Target Shares to the WFOE and/or its Designee, who shall have exclusive rights over the Share Transfer Option, in accordance with the WFOE’s requirements under the following circumstances:
- 1.1.1 Where the WFOE and/or its Designee can legally own all or part of the Target Shares under the laws and administrative regulations of China; or
- 1.1.2 Any other circumstances deemed as appropriate or necessary by the WFOE in its sole discretion.
- 1.2 The WFOE shall have the right to exercise its purchase right in whole or in part and to acquire the Target Shares in whole or in part without any limit at any time and from time to time.
- 1.3 The WFOE may designate any third party to acquire the Target Shares in whole or in part and the Shareholders shall not refuse and shall transfer the Target Shares in whole or in part to such Designee as requested by the WFOE.
- 1.4 Prior to the transfer of the Target Shares to the WFOE or its Designee according to this Agreement, the Shareholders shall not transfer the Target Shares to any third party without the WFOE’s prior written consent.

### 2. Procedures

- 2.1 Concurrent with the execution of this Agreement, the Shareholders shall execute and deliver to the WFOE the Share Transfer Agreement in the format set forth in Schedule 2 attached hereto.
- 2.2 If the WFOE decides to exercise the Share Transfer Option pursuant to Section 1.1 hereinabove, it shall send written notice to Luckin Tech and the Shareholders which specifies the proportion of the Target Shares to be acquired and identifies the transferee (the “**Share Purchase Notice**”). Luckin Tech and the Shareholders shall furnish all materials and documents necessary for the registration of said share transfer within seven days after the date of Share Purchase Notice;
- 2.3 If at the time of exercising the Share Transfer Option, more than one Shareholder hold shares in Luckin Tech, each Shareholder and Luckin Tech shall cause such other Shareholders to provide their written consent to the transfer of the Target Shares to the WFOE and/or the Designee(s) and to waive any preemptive right related thereto;
- 2.4 Luckin Tech and the Shareholders shall cause a Share Transfer Agreement to be duly executed with respect to each transfer to the WFOE and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Share Purchase Notice regarding the Target Shares;

2.5 The relevant Parties shall execute all necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Target Shares to the WFOE and/or the Designee(s), unencumbered by any security interests, and cause the WFOE and/or the Designee(s) to become the registered owner(s) of the Target Shares. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and the Share Pledge Agreement.

### 3. **Transfer Price**

3.1 The total transfer price for the Target Shares shall be the lowest price allowable under PRC laws and administrative regulations at the time of said transfer (“**Transfer Price**”). If the Target Shares are transferred in installments, the due transfer price for each installment shall be determined in accordance with the proportion of Target Shares under said transfer. The Shareholders shall transfer the Transfer Price and affiliated benefits to the WFOE or the entity designated by the WFOE at nil consideration immediately after receiving the Transfer Price and affiliated benefits.

3.2 All the taxes, fees and expenses arising from the transfer of the Target Shares shall be borne by each Party respectively in accordance with the Laws of China.

### 4. **Covenants**

#### 4.1 Covenants of Luckin Tech and the Shareholders

The Shareholders (as the shareholders of Luckin Tech) and Luckin Tech hereby covenant as follows:

- 4.1.1 Without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the articles of association and bylaws of Luckin Tech, increase or decrease its registered capital, or change the structure of its registered capital in other manners;
- 4.1.2 They shall maintain Luckin Tech’s corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- 4.1.3 Without the prior written consent of the WFOE, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Luckin Tech (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of Luckin Tech, or allow the encumbrance thereon of any security interest;
- 4.1.4 Without the prior written consent of the WFOE, they shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business;
- 4.1.5 They shall always operate all of Luckin Tech’s businesses during the ordinary course of business to maintain the asset value of Luckin Tech and refrain from any action/omission that may adversely affect Luckin Tech’s operating status and asset value;

- 4.1.6 Without the prior written consent of the WFOE, they shall not cause Luckin Tech to execute any material contract, except the contracts executed in the ordinary course of business (for purpose of this subsection, the WFOE may define a material contract at its sole discretion);
- 4.1.7 Without the prior written consent of the WFOE, they shall not cause Luckin Tech to provide any person with any loan or credit other than in the course of ordinary business;
- 4.1.8 They shall provide the WFOE with information on Luckin Tech's business operations and financial condition at WFOE's request;
- 4.1.9 If requested by the WFOE, they shall procure and maintain insurance in respect of Luckin Tech's assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- 4.1.10 Without the prior written consent of the WFOE, they shall not cause or permit Luckin Tech to merge, consolidate with, acquire or invest in any person;
- 4.1.11 They shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Luckin Tech's assets, business or revenue;
- 4.1.12 To maintain the ownership by Luckin Tech of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 4.1.13 Without the prior written consent of the WFOE, they shall ensure that Luckin Tech shall not in any manner distribute dividends to its shareholder(s), provided that upon the WFOE's written request, Luckin Tech shall immediately distribute part or all distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE any such distribution;
- 4.1.14 At the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors and/or executive director of Luckin Tech;
- 4.1.15 They shall cause the meeting of shareholders and the board of directors of Luckin Tech to pass shareholders' resolutions and board resolutions in accordance with the instruction of the WFOE;
- 4.1.16 Unless otherwise mandatorily required by PRC laws, Luckin Tech shall not be dissolved or liquidated without prior written consent by the WFOE.

#### 4.2 Covenants regarding Shares in Luckin Tech

Each Shareholder hereby covenants as follows:

- 4.2.1 Without the prior written consent of the WFOE, the Shareholder shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the Target Shares or allow the encumbrance thereon of any security interest, except for the pledge placed on the Target Shares in accordance with the Share Pledge Agreement;

- 4.2.2 The Shareholder shall cause the shareholders' meeting and/or the board of directors and/or the executive directors of Luckin Tech not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the Target Shares or allow the encumbrance thereon of any security interest, without the prior written consent of the WFOE, except for the pledge placed on the Target Shares in accordance with the Share Pledge Agreement;
- 4.2.3 The Shareholder shall cause the shareholders' meeting or the board of directors and/or the executive directors of Luckin Tech not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of the WFOE;
- 4.2.4 The Shareholder shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Target Shares;
- 4.2.5 At the request of the WFOE at any time, the Shareholder shall promptly and unconditionally cause the transfer of the Target Shares to be approved and consummated as set forth in this Agreement;
- 4.2.6 To the extent necessary to maintain the Shareholder's ownership in Luckin Tech, the Shareholder shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 4.2.7 The Shareholder shall appoint any designee of the WFOE as the director and/or executive director of Luckin Tech, at the request of the WFOE;
- 4.2.8 The Shareholders shall promptly donate any profit, interest, dividend or proceeds of liquidation received from Luckin Tech to the WFOE or any other entity designated by the WFOE to the extent permitted under applicable PRC laws; and
- 4.2.9 The Shareholder shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among the Shareholder, the WFOE and Luckin Tech, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability hereof and thereof. To the extent that the Shareholder has any remaining rights with respect to the shares subject to this Agreement hereunder or under the Share Pledge Agreement or under the proxy agreement and power of attorney granted in favor of the WFOE, the Shareholder shall not exercise such rights except in accordance with the written instructions of the WFOE.

## **5. Representations and Warranties**

The Shareholders and Luckin Tech hereby represent and warrant to the WFOE, jointly and severally, as of the date of this Agreement and each date of transfer of the Target Shares, that:

- 5.1 The Shareholders and Luckin Tech have the authority to execute and deliver this Agreement and any relevant Share Transfer Agreement concerning the Target Shares to be transferred thereunder, and to perform their obligations under this Agreement and any Share Transfer Agreements;
- 5.2 The execution and delivery of this Agreement or any Share Transfer Agreements and the performance of any obligations under this Agreement or any Share Transfer Agreements: (i) do not cause any violation of any applicable laws of China; (ii) are not inconsistent with the articles of association, bylaws or other organizational documents of Luckin Tech; (iii) do not cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) do not cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to any of them; and (v) do not cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to any of them;

- 5.3 The Shareholders have good and merchantable title to the Target Shares. Except for the Share Pledge Agreement, the Shareholders have not placed any security interest on the Target Shares;
- 5.4 Luckin Tech has good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets, except for encumbrance disclosed to the WFOE for which WFOE's written consent has been obtained ;
- 5.5 Luckin Tech does not have any outstanding debts, except for (i) debts incurred in the ordinary course of business; and (ii) debts disclosed to the WFOE for which WFOE's written consent has been obtained; and
- 5.6 Luckin Tech has complied with all laws and regulations of China applicable to asset acquisitions.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Share Transfer Agreement, as well as the consummation of the transactions contemplated under this Agreement and the Share Transfer Agreement.

**7. Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or regulations or rules of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, provided that such legal counsel or financial advisor is also bound by confidentiality duties similar to the duties set out in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**8. Assignment**

- 8.1 Luckin Tech and the Shareholders shall not assign any of their respective rights or obligations under this Agreement to any third party without the prior written consent of the WFOE.

8.2 Luckin Tech and the Shareholders hereby agree that the WFOE may assign its rights and obligations under this Agreement as the WFOE may decide at its sole discretion, and such assignment shall only be subject to a written notice sent to Luckin Tech and the Shareholders.

## **9. Entire Agreement and Amendment to Agreement**

9.1 This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall substitute any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.

9.2 Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreement and shall have the same legal effect as this Agreement.

9.3 In the event that at the time of the Target Shares transfer, it is necessary to modify the form of the "Share Transfer Agreement" set forth in Schedule 2 attached hereto pursuant to the then effective PRC laws and administrative regulations, the Parties shall make such modifications in good faith in compliance with PRC laws and administrative regulations.

9.4 The Schedules are an integral part of this Agreement and have the same legal effects as the other parts of the Agreement.

## **10. Governing Law**

This Agreement shall be construed in accordance with and governed by the laws of China.

## **11. Dispute Resolution**

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral award shall be final and binding upon all Parties.

## **12. Effective Date and Term**

12.1 This Agreement shall be signed and take effect as of the date first set forth above.

12.2 This Agreement shall remain effective as long as Luckin Tech exists unless terminated as provided in Section 13.

## **13. Termination**

13.1 Neither of the Shareholders and Luckin Tech shall have the right to terminate this Agreement. This Agreement shall be terminated i) by the WFOE at any time with thirty (30) days advance written notice to Luckin Tech and the Shareholders; ii) upon the transfer of all the shares held by the Shareholders to the WFOE and/or a third party designated by the WFOE pursuant to the Exclusive Option Agreement.

If any Shareholder cease to hold any shares in Luckin Tech with the prior approval of WFOE, such Shareholder shall no longer be a party of this Agreement, but this Agreement shall remain in full effect to any other Shareholder and Luckin Tech.

**14. Indemnities and Remedies**

- 14.1 Either Party shall forthwith on demand indemnify the other Party against any claim, loss, liability or damage (“Loss”) which such Party shall incur as a consequence of any breach by the other Party of this Agreement provided that neither Party shall be liable to indemnify the other Party for any Loss to the extent that such Loss arises from the willful misconduct, breach of applicable law, regulation or contractual obligation or from the material negligence of the other Party or its directors, officers, employees, or agents.
- 14.2 The Parties agree that this section shall survive the termination or expiration of this Agreement.

**15. Notices**

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service or by facsimile transmission to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (a) a notice delivered personally is deemed duly served upon delivery; (b) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon receipt as evidenced by the time shown in the transmission confirmation for the relevant documents.

**16. Severability**

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

**17. Counterparts**

This Agreement shall be executed in five originals by all Parties, with each Party holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

**18. Languages**

Both Chinese and English versions of this Agreement shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

**Beijing Luckin Coffee Co., Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

**Beijing Luckin Coffee Technology Ltd.**

Authorized Representative: Zhiya Qian

Signature:  /s/ Zhiya Qian

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Technology Ltd.

**Zhiya Qian**

Signature:  /s/ Zhiya Qian

**Jinyi Guo**

Signature:  /s/ Jinyi Guo

**Min Chen**

Signature:  /s/ Min Chen

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**SHARE PLEDGE AGREEMENT**

This Share Pledge Agreement (this “**Agreement**”) is entered into in Beijing as of September 20, 2018 by and among the following parties:

(1) Pledgee:

**Beijing Luckin Coffee Co., Ltd.** (the “**WFOE**”), a wholly foreign-owned enterprise registered in Beijing, the People’s Republic of China (“**China**” or “**PRC**”), under the laws of China;

(2) Pledgor:

Zhiya Qian, Chinese, ID No. [                      ], shareholder of Beijing Luckin Coffee Technology Ltd. (“**Luckin Tech**”);

Min Chen, Chinese, ID No. [                      ], shareholder of Luckin Tech;

each of the pledgors listed above (each, a “**Shareholder**” and collectively, the “**Shareholders**”)

(Each of WFOE, each of the Shareholders, a “**Party**”, and collectively the “**Parties**”).

**RECITALS**

(A) **WHEREAS**, the Shareholders hold 100% shares in Beijing Luckin Coffee Technology Ltd. (“**Luckin Tech**”);

Zhiya Qian holds 83.33% of the total share capital;

Min Chen holds 16.67% of the total share capital.

(B) **WHEREAS**, WFOE and Luckin Tech entered into a Master Exclusive Service agreement dated July 20, 2018 (the “**Service Agreement**”);

(C) **WHEREAS**, WFOE, Luckin Tech and the Shareholders entered into a business cooperation agreement dated July 20, 2018 (the “**Business Cooperation Agreement**”);

(D) **WHEREAS**, WFOE, Luckin Tech and the Shareholders entered into an Exclusive Option Agreement dated July 20, 2018 (the “**Exclusive Option Agreement**”, together with the Service Agreement and the Business Cooperation Agreement and the agreements to be executed among the Shareholders, Luckin Tech and WFOE from time to time, the “**Principal Agreements**”);

(E) **WHEREAS**, WFOE requests the Shareholders to pledge 100% shares of Luckin Tech they own to WFOE unconditionally and irrevocably, as security for the performance of the obligations by the Shareholders and Luckin Tech under the Principal Agreements, and the Shareholders agree to provide such security.

(F) **NOW, THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

## AGREEMENT

### 1. Principal Agreements

All Parties hereto acknowledge and confirm that the Principal Agreements for which the security of pledge is provided hereunder include the Service Agreement, the Business Cooperation Agreement, the Exclusive Option Agreement and the agreements to be executed among the Shareholders, Luckin Tech and WFOE from time to time.

### 2. The Pledge

Each Shareholder agrees to pledge all of the shares of Luckin Tech that it owns, including any interest or dividend paid for such shares (the “**Pledged Shares**”) to WFOE unconditionally and irrevocably, as a security for the performance of any and all obligations by the Shareholder and Luckin Tech under the Principal Agreements (the “**Pledge**”). Parties agree to use RMB 500,000 (the “**Initial Registration Amount**”) as the estimated value of the obligations by the Shareholder and Luckin Tech under the Principal Agreements for initial registration purpose. During the term of the Principal Agreements or this Agreement, WFOE has the rights to request all of the Shareholders to amend the Initial Registration Amount for any reasons, and all Shareholders shall promptly make such adjustments as requested.

### 3. The Scope of Pledge

The Pledge under this Agreement shall cover all indebtedness, obligations and liabilities of the Shareholders and Luckin Tech under the Principal Agreements, any fees for exercising the creditor’s rights and the Pledge, all the direct, indirect and derivative losses and losses of anticipated profits, suffered by WFOE, incurred as a result of any Event of Default (as defined in Section 8.1) (the amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of WFOE and the consulting and service fees payable to WFOE under the Service Agreement, among other factors) and any other related expenses (the “**Secured Indebtedness**”).

For the avoidance of doubt, the amount of the Shareholders’ capital contribution or the Initial Registration Amount is in no event related to the scope of the Pledge; the scope of the Pledge or the Secured Indebtedness shall not in any way be limited by the amount of the Shareholders’ capital contribution or the Initial Registration Amount; no Shareholder should through any means, use any reasons or pursue any procedure to claim or attempt to claim that scope of the Pledge or the Secured Indebtedness shall in any way be limited by the amount of the Shareholders’ capital contribution or the Initial Registration Amount.

### 4. The Term of Pledge

4.1 The Pledge shall be continuously valid for 50 years after this Agreement take effective. Unless (i) the Parties all agree to terminate this Agreement; (ii) the Principal Agreements have been fulfilled to the satisfaction of the WFOE; or (iii) all of the Principal Agreements have expired or been terminated, the Pledge shall be valid. For purpose of share pledge registration, the term of initial pledge registration shall be 50 years. After the expiration of the term of initial pledge registration, the WFOE may at its sole discretion require the Shareholders to extend the term of the share registration.

4.2 During the term of the Pledge, in the event that either the Shareholders or Luckin Tech fail to perform any of their respective obligations under the Principal Agreements, WFOE shall have the right to dispose of the Pledged Shares entirely or partially in accordance with the provisions of this Agreement.

4.3 The WFOE shall have the right to collect dividends generated by the Pledged Shares during the term of the Pledge.

## 5. **Registration**

5.1 Luckin Tech shall (1) on the date of execution of this Agreement, record the Pledge in the shareholders' register of Luckin Tech and provide the shareholders' register to WFOE, and (2) submit an application to the relevant administration for industry and commerce (the "AIC") for the registration of the Pledge as soon as practicable following the execution of this Agreement and obtain evidencing documents of such registration. The Shareholders and Luckin Tech shall submit all necessary documents and complete all necessary procedures, as required by PRC laws and regulations and the AIC, to ensure that the Pledge shall be duly established and fully enforceable.

5.2 Without limitation to any provision of this Agreement, during the term of the Pledge, the original shareholders' register of Luckin Tech shall be in the custody of WFOE or its designated person.

5.3 With the prior consent of WFOE, the Shareholders may increase their capital contribution to Luckin Tech, provided that any capital contribution by the Shareholders to Luckin Tech shall be subject to this Agreement. Luckin Tech shall immediately amend the shareholders' register and register the change to the Pledge with the AIC pursuant to the provisions in this Section 5 within five working days.

## 6. **The Shareholders' Representations and Warranties**

Each Shareholder hereby represents and warrants to WFOE that:

6.1 The Shareholder is the sole legal owner of the Pledged Shares.

6.2 Except for the Pledge, the Shareholder has not placed any security interest or other encumbrance on the Pledged Shares.

6.3 The Shareholder and Luckin Tech have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.

6.4 The execution, delivery and performance of this Agreement will not: i) violate any relevant PRC laws; ii) conflict with Luckin Tech's articles of association or other constitutional documents; iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 7. **The Shareholders' Covenants and Further Assurance**

7.1 The Shareholders hereby jointly and severally covenant to WFOE, that during the term of this Agreement, the Shareholders shall:

7.1.1 without WFOE's prior written consent, not transfer the Pledged Shares, establish or permit the existence of any security interest or other encumbrance on the Pledged Shares, or dispose of the Pledged Shares by any other means, except by the performance of the Exclusive Option Agreement;

7.1.2 comply with the provisions of all laws and regulations applicable to the Pledge, and within five (5) working days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to WFOE, and shall comply with the aforementioned notice, order or recommendation or submit claims and appeals with respect to the aforementioned matters upon WFOE's reasonable request or upon consent of WFOE;

7.1.3 promptly notify WFOE of any event or notice received by the Shareholders that may have an impact on WFOE's rights to the Pledged Shares or any portion thereof or other obligations of the Shareholders arising out of this Agreement.

7.2 The Shareholders agree that the rights acquired by WFOE in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Luckin Tech, the Shareholders or any heirs or representatives of the Shareholders or any other persons (collectively, the "**Relevant Persons**") through any legal proceedings.

7.2.1 Without the prior written consent of WFOE, the Relevant Persons shall not in any manner supplement, change or amend the articles of association and bylaws of Luckin Tech, increase or decrease its registered capital, or change the structure of its registered capital in other manners;

7.2.2 Without the prior written consent of WFOE, the Relevant Persons shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Luckin Tech or legal or beneficial interest in the business or revenues of Luckin Tech, or allow the encumbrance thereon of any security interest; or

7.2.3 Without the prior written consent of WFOE, the Relevant Persons shall ensure that Luckin Tech shall not in any manner distribute dividends to its shareholder(s), make asset distributions or reduce its capital or initiate liquidation procedures or make any other distributions. Any distributions, including without limitation, the distributed assets or the residual assets in liquidation shall be deemed as part of the Pledge.

7.3 To protect or perfect the security interest granted by this Agreement for payments under the Principal Agreements, the Shareholders hereby undertake to execute in good faith and to cause other parties who have interests in the Pledge to execute all certificates, agreements, deeds and/or covenants required by WFOE. The Shareholders also undertake to perform and to cause other parties who have interests in the Pledge to perform actions required by WFOE, to facilitate the exercise by WFOE of its rights and authority granted thereto by this Agreement, and to execute all relevant documents regarding ownership of the Pledged Shares with WFOE or its designee(s). The Shareholders undertake to provide WFOE within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by WFOE.

7.4 The Shareholders hereby undertake to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure to perform all or part of such guarantees, promises, agreements, representations and conditions, the Shareholders shall indemnify WFOE for all losses resulting therefrom.

## 8. Exercise of Pledge

8.1 Each of the following shall constitute an event of default ("**Event of Default**") hereunder (and an Event of Default is "continuing" if it has not been remedied or waived):

- (i) any statement, warranty or representation made by the Shareholders or Luckin Tech under this Agreement or any of the Principal Agreements are not true, complete or accurate in any aspect; or the Shareholders or Luckin Tech breach or fail to fulfill any obligation or abide by any covenants and undertakings under this Agreement or any Principal Agreements; or
- (ii) any or more of the obligations of the Shareholders or Luckin Tech under this Agreement or any of the Principal Agreements are deemed as unlawful or void.

8.2 Upon the occurrence and during the continuance of an Event of Default, WFOE shall have the right to require the Shareholders to immediately pay any amount payable by Luckin Tech under the Service Agreement, repay any loans and pay any other due payments, and WFOE shall have the right to exercise all such rights as a secured party under any applicable PRC law, including the Guarantee Law of the People's Republic of China and the Property Law of the People's Republic of China, as in effect from time to time, including without limitations:

- (i) to sell all or any part of the Pledged Shares at one or more public or private sales upon three (3) days' written notice to the pledgor, and any such sale or sales may be made for cash, upon credit, or for future delivery; or
- (ii) to execute an agreement with the Shareholders to acquire the Pledged Shares based on its monetary value which shall be determined by referencing the market price of the pledged property or another price as agreed between parties.

8.3 The Shareholders and Luckin Tech, at the request of WFOE, shall take all lawful and appropriate actions to secure WFOE's exercise of the Pledge right. For the purpose of the foregoing, the Shareholders and Luckin Tech shall sign all the documents and materials and carry out all measures and take all actions reasonably required by WFOE.

## **9. Assignment**

9.1 Luckin Tech and the Shareholders shall not assign any of their respective rights or obligations under this Agreement to any third party without the prior written consent of WFOE.

9.2 Luckin Tech and the Shareholders hereby agree that WFOE may assign its rights and obligations under this Agreement as WFOE may decide, at its sole discretion, and such transfer shall only be subject to a written notice sent to Luckin Tech and the Shareholders.

## **10. Entire Agreement and Amendment to Agreement**

10.1 This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall supersede any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.

10.2 Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreements and shall have the same legal effect as this Agreement.

## **11. Governing Law**

This Agreement shall be construed in accordance with and governed by the laws of China.

**12. Dispute Resolution**

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral award shall be final and binding upon all Parties.

**13. Effective Date and Term**

13.1 This Agreement shall be signed as of the date first set forth above and shall take effect as of the date when the Pledge is registered in the shareholders' register of Luckin Tech.

13.2 This Agreement shall remain effective as long as the Pledge exists.

13.3 If any Shareholder cease to hold any shares in Luckin Tech with the prior approval of WFOE, such Shareholder shall no longer be a party of this Agreement, but this Agreement shall remain in full effect to any other Shareholder and Luckin Tech.

**14. Notices**

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service or by facsimile transmission to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (a) a notice delivered personally is deemed duly served upon delivery; (b) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon receipt as evidenced by the time shown in the transmission confirmation for the relevant documents.

**15. Severability**

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

**16. Counterparts**

This Agreement shall be executed in five originals by all Parties, with each Party holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

**17. Languages**

Both Chinese and English versions of this Agreement shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

**Beijing Luckin Coffee Co., Ltd.**

Authorized Representative: Zhiya Qian

Signature:     /s/ Zhiya Qian    

Seal: (Seal)

/s/ Seal of Beijing Luckin Coffee Co., Ltd.

**Zhiya Qian**

Signature:     /s/ Zhiya Qian    

**Min Chen**

Signature:     /s/ Min Chen    

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## CONFIRMATION AND GUARANTEE LETTER

As a shareholder of **Beijing Luckin Coffee Technology Ltd. (“Luckin Tech”)**, I hereby confirm, represent and guarantee that my successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the shares of Luckin Tech held by me upon my death, incapacity, divorce or any circumstances that may affect my ability to exercise my shareholder’s rights in Luckin Tech, will not, in any manner and under any circumstances, carry out any act that may affect or hinder the fulfillment of my obligations under each of the contractual agreements (including the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement and Power of Attorney, the Exclusive Option Agreement executed by myself on July 20, 2018 and the Share Pledge Agreement executed by myself on September 20, 2018) (the **“Contractual Agreements”**).

I hereby further confirm that, subject to requirement by Beijing Luckin Coffee Co., Ltd. (the **“WFOE”**), I will unwind the Contractual Agreements and transfer all of the shares of Luckin Tech held by me to the WFOE or any party designated by the WFOE as soon as the applicable laws of the People’s Republic of China (**“PRC”**) allow the WFOE to operate the business operated by Luckin Tech (which includes but not limited to the business of developing and operating catering related Internet technology) without the Contractual Agreements. Subject to the applicable PRC laws, when the Contractual Agreements are being unwound, I must return to the WFOE or the entity designated by the WFOE any consideration I received from the WFOE during its acquisition of the shares of Luckin Tech.

I hereby undertake that, during the term of the Contractual Agreements, (i) unless otherwise agreed by the WFOE in written form, I will not directly or indirectly (by myself or by entrusting any other natural person or legal entity) to engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Luckin Tech or its affiliated companies or to have any interest in such business; (ii) none of my actions or omissions will give rise to conflict of interest between myself and the WFOE (including but not limited to the shareholders of the WFOE); and (iii) in the event of any such conflict described in paragraph (ii), which shall be decided at the sole discretion of the WFOE, I will take any action as instructed by the WFOE to eliminate such conflict provided such action is compliant with PRC laws.

Zhiya Qian

/s/ Zhiya Qian

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Date: September 20, 2018

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## CONFIRMATION AND GUARANTEE LETTER

As a shareholder of **Beijing Luckin Coffee Technology Ltd. (“Luckin Tech”)**, I hereby confirm, represent and guarantee that my successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the shares of Luckin Tech held by me upon my death, incapacity, divorce or any circumstances that may affect my ability to exercise my shareholder’s rights in Luckin Tech, will not, in any manner and under any circumstances, carry out any act that may affect or hinder the fulfillment of my obligations under each of the contractual agreements (including the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement and Power of Attorney, the Exclusive Option Agreement executed by myself on July 20, 2018 and the Share Pledge Agreement executed by myself on September 20, 2018) (the **“Contractual Agreements”**).

I hereby further confirm that, subject to requirement by Beijing Luckin Coffee Co., Ltd. (the **“WFOE”**), I will unwind the Contractual Agreements and transfer all of the shares of Luckin Tech held by me to the WFOE or any party designated by the WFOE as soon as the applicable laws of the People’s Republic of China (**“PRC”**) allow the WFOE to operate the business operated by Luckin Tech (which includes but not limited to the business of developing and operating catering related Internet technology) without the Contractual Agreements. Subject to the applicable PRC laws, when the Contractual Agreements are being unwound, I must return to the WFOE or the entity designated by the WFOE any consideration I received from the WFOE during its acquisition of the shares of Luckin Tech.

I hereby undertake that, during the term of the Contractual Agreements, (i) unless otherwise agreed by the WFOE in written form, I will not directly or indirectly (by myself or by entrusting any other natural person or legal entity) to engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Luckin Tech or its affiliated companies or to have any interest in such business; (ii) none of my actions or omissions will give rise to conflict of interest between myself and the WFOE (including but not limited to the shareholders of the WFOE); and (iii) in the event of any such conflict described in paragraph (ii), which shall be decided at the sole discretion of the WFOE, I will take any action as instructed by the WFOE to eliminate such conflict provided such action is compliant with PRC laws.

Min Chen

/s/ Min Chen

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Date: September 20, 2018

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## SPOUSAL CONSENT

I, Xulei Luan, am the lawful spouse of Min Chen. hereby consent unconditionally that a certain percentage of the shares in Beijing Luckin Coffee Technology Ltd. ("**Luckin Tech**") that is held by and registered in the name of my spouse, Min Chen, will be disposed of pursuant to the arrangements under the contractual agreements (including the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement and Power of Attorney, the Exclusive Option Agreement and the Share Pledge Agreement, which were executed by my spouse at July 20, 2018 and September 20, 2018) (the "**Contractual Agreements**").

I further undertake not to take any action with the intent to interfere with the above arrangements, including making any claim that such shares constitute property or community property between myself and my spouse which will give rise to hindrance over the performance by my spouse of his/her obligation under the Contractual Agreements. I hereby waive unconditionally and irrevocably any rights or entitlements whatsoever to such shares that may be granted to me according to any applicable laws.

I hereby further confirm that Min Chen can perform the Contractual Agreements and further amend or terminate the Contractual Agreements absent authorization or consent from me and I have not participated and will not participate in the management and operation of Luckin Tech. I hereby undertake to execute all necessary documents and take all necessary actions to ensure appropriate performance of the Contractual Agreements (as amended from time to time). I hereby agree and undertake that if I obtain any shares of Luckin Tech which are held by Min Chen for any reasons, I shall be bound by the Contractual Agreements (as amended from time to time) and comply with the obligations thereunder as a shareholder of Luckin Tech. For this purpose, upon the Beijing Luckin Coffee Co., Ltd.'s request, I shall sign a series of written documents in substantially the same format and content as the Contractual Agreements (as amended from time to time).

I further confirm, represent and guarantee that none of I, my successor, guardian, creditor or any other person that may be entitled to assume rights and interests in the shares of Beijing Luckin Coffee Technology Ltd. held by my spouse upon his/her death, incapacity, divorce or any circumstances that may affect his/her ability to exercise his/her shareholder's rights in Luckin Tech will, in any manner and under any circumstances, carry out any act that may affect or hinder the fulfillment of my spouse's obligations under each of the Contractual Agreements.

Xulei Luan

/s/ Xulei Luan

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Date: September 20, 2018

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## List of Significant Subsidiaries and VIE of the Registrant

<b>Significant Subsidiaries</b>	<b>Place of Incorporation</b>
Luckin Coffee Investment Inc.	British Virgin Islands
Luckin Coffee (Hong Kong) Limited	Hong Kong
Luckin Coffee Roasting (Hong Kong) Limited	Hong Kong
Luckin Coffee (China) Co., Ltd.	PRC
Beijing Luckin Coffee Co., Ltd.	PRC
Tianjin Luckin Coffee Co., Ltd.	PRC
Luckin Coffee E-commerce (Pingtan) Co., Ltd.	PRC
Luckin Coffee Roasting (Xiamen) Co., Ltd.	PRC
Luckin Coffee Roasting (Tianjin) Co., Ltd.	PRC

<b>VIE</b>	<b>Place of Incorporation</b>
Beijing Luckin Coffee Technology Ltd.	PRC

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**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated February 22, 2019, in the Registration Statement (Form F-1) and related Prospectus of Luckin Coffee Inc. dated April 22, 2019.

/s/Ernst & Young Hua Ming LLP  
Shanghai, the People’s Republic of China  
April 22, 2019

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**Luckin Coffee Inc.****Code of Business Conduct and Ethics**

Adopted on April 16, 2019

## Introduction

This Code of Business Conduct and Ethics (the “**Code**”) has been adopted by our Board of Directors (the “**Board**”) and summarizes the standards that must guide our actions. Although they cover a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation in which ethical decisions must be made, but rather set forth key guiding principles that represent Company policies and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company’s business activities, including, but not limited to, relationships with employees, customers, suppliers, competitors, the government, the public and our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our Company’s most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

## Conflicts of Interest

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A “conflict of interest” occurs when a person’s private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole, including those of its subsidiaries and affiliates. A conflict of interest may arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. A conflict of interest may also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of the employee’s, officer’s or director’s position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
  - Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Company from a competitor, customer or supplier.
-

- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the Audit Committee of the Board of Directors.

In order to avoid conflicts of interests, senior executive officers and directors must disclose to the Audit Committee of the Board any material transaction or relationship that reasonably could be expected to give rise to such a conflict.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

## Quality of Public Disclosures

The Company has a responsibility to provide full and accurate information in our public disclosures, in all material respects, about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the United States Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

## Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

## Compliance with this Code and Reporting of Any Illegal or Unethical Behavior

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including by subjecting persons who violate its provisions to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require the exercise of judgment or the making of difficult decisions. Employees, officers and directors should promptly report any concerns about a violation of ethics, laws, rules, regulations or this Code to their supervisor or the General Counsel (or an officer with similar duties and responsibilities) or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee of the Board. Interested parties may also communicate directly with the Company's non-management directors through contact information located in the Company's annual report on Form 20-F.

Any concerns about a violation of ethics, laws, rules, regulations or this Code by any senior executive officer or director should be reported promptly to the Audit Committee of the Board. Reporting of such violations may also be done anonymously through email to the Company at a designated email address for compliance reporting. An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, the Company will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. All employees, officers and directors are required to cooperate in any internal investigations of misconduct and unethical behavior.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The General Counsel (or an officer with similar duties and responsibilities) of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Audit Committee of the Board, and the Company will devote the necessary resources to enable the General Counsel (or an officer with similar duties and responsibilities) to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code. Questions concerning this Code should be directed to the General Counsel (or an officer with similar duties and responsibilities).

The provisions of this section are qualified in their entirety by reference to the following section.

## Reporting Violations to a Governmental Agency

Employees have the right under federal law to certain protections for cooperating with or reporting legal violations to governmental agencies or entities and self-regulatory organizations. As such, nothing in this Code is intended to prohibit any employee from disclosing or reporting violations to, or from cooperating with, a governmental agency or entity or self-regulatory organization, and employees may do so without notifying the Company. The Company may not retaliate against all employee for any of these activities, and nothing in this Code or otherwise requires any employee to waive any monetary award or other payment that he or she might become entitled to from a governmental agency or entity, or self-regulatory organization.

All employees of the Company have the right to:

- Report possible violations of state or federal law or regulation that have occurred, are occurring, or are about to occur to any governmental agency or entity, or self-regulatory organization;
- Cooperate voluntarily with, or respond to any inquiry from, or provide testimony before any self-regulatory organization or any other federal, state or local regulatory or law enforcement authority;

- Make reports or disclosures to law enforcement or a regulatory authority without prior notice to, or authorization from, the Company; and
- Respond truthfully to a valid subpoena.

All employees have the right to not be retaliated against for reporting, either internally to the Company or to any governmental agency or entity or self-regulatory organization, information which the employee reasonably believe relates to a possible violation of law. It is a violation of federal law to retaliate against anyone who has reported such potential misconduct either internally or to any governmental agency or entity or self-regulatory organization. Retaliatory conduct includes discharge, demotion, suspension, threats, harassment, and any other manner of discrimination in the terms and conditions of employment because of any lawful act the employee may have performed. It is unlawful for the company to retaliate against an employee for reporting possible misconduct either internally or to any governmental agency or entity or self-regulatory organization.

Notwithstanding anything contained in this Code or otherwise, employees may disclose confidential Company information, including the existence and terms of any confidential agreements between the employee and the Company (including employment or severance agreements), to any governmental agency or entity or self-regulatory organization.

The Company cannot require an employee to withdraw reports or filings alleging possible violations of federal, state or local law or regulation, and the Company may not offer employees any kind of inducement, including payment, to do so.

An employee's rights and remedies as a whistleblower protected under applicable whistleblower laws, including a monetary award, if any, may not be waived by any agreement, policy form, or condition of employment, including by a predispute arbitration agreement.

Even if an employee has participated in a possible violation of law, the employee may be eligible to participate in the confidentiality and retaliation protections afforded under applicable whistleblower laws, and the employee may also be eligible to receive an award under such laws.

## Waivers and Amendments

Any waiver (including any implicit waiver) of the provisions in this Code for executive officers or directors may only be granted by the Board or a committee thereof and will be promptly disclosed to the Company's shareholders. Any such waiver will also be disclosed in the Company's annual report on Form 20-F. Amendments to this Code must be approved by the Board and will also be disclosed in the Company's annual report on Form 20-F.

## Trading on Inside Information

Using non-public Company information to trade in securities, or providing a family member, friend or any other person with non-public Company information, is illegal. All non-public, Company information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company's Policy Against Insider Trading, copies of which are distributed to all employees, officers and directors and are available from the General Counsel (or an officer with similar duties and responsibilities). You should contact the General Counsel (or an officer with similar duties and responsibilities) with any questions about your ability to buy or sell securities.

## Protection of Confidential Proprietary Information

Confidential proprietary information generated by and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information violates Company policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

The provisions of this section are qualified in their entirety by the section entitled "Reporting Violations to Governmental Agencies" above.

## Protection and Proper Use of Company Assets

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Loss, theft and misuse of Company assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to a supervisor or the Legal Department.

The sole purpose of the Company's equipment, vehicles, supplies and electronic resources (including hardware, software and the data thereon) is the conduct of our business. They may only be used for Company business consistent with Company guidelines.

## Corporate Opportunities

Employees, officers and directors are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company or any situation in which the employee, officer or director takes away from the Company opportunities for sales or purchases of property, products, services or interests. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## Fair Dealing

Each employee, officer and director of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices.

Each employee has an obligation to comply with the anti-corruption and anti-bribery laws of the People's Republic of China and any other regions and countries in which the Company operates. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. In the event of a violation of these provisions, the Company and any employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to, or entertainment of, non-government employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

Practices that are acceptable in a commercial business environment may be against the law or the policies governing national or local government employees. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of a supervisor or the General Counsel (or an officer with similar duties and responsibilities).

Except in certain limited circumstances, the United States Foreign Corrupt Practices Act (the "FCPA") prohibits giving anything of value directly or indirectly to any "non-U.S. official" for the purpose of obtaining or retaining business. When in doubt as to whether a contemplated payment or gift may violate the FCPA, contact a supervisor or the Audit Committee of the Board before taking any action.

## Compliance with Antitrust Laws

The antitrust laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and the allocation of markets or customers. Antitrust laws can be complex, and violations may subject the Company and its employees to criminal sanctions, including fines, jail time and civil liability. If you have any questions about our antitrust compliance policies, consult the General Counsel (or an officer with similar duties and responsibilities).

## Political Contributions and Activities

Any political contributions made by or on behalf of the Company and any solicitations for political contributions of any kind must be lawful and in compliance with Company policies. This policy applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

## Doing Business with Others

We strive to promote the application of the standards of this Code by those with whom we do business. Our policies, therefore, prohibit the engaging of a third party to perform any act prohibited by law or by this Code, and we shall avoid doing business with others who intentionally and continually violate the law or the standards of this Code.

## Accuracy of Company Financial Records

We maintain the highest standards in all matters relating to accounting, financial controls, internal reporting and taxation. All financial books, records and accounts must accurately reflect transactions and events and conform both to required accounting principles and to the Company's system of internal controls. Records shall not be distorted in any way to hide, disguise or alter the Company's true financial position.

## Retention of Records

All Company business records and communications shall be clear, truthful and accurate. Employees, officers and directors of the Company shall avoid exaggeration, guesswork, legal conclusions and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including email and "informal" notes or memos. Records should always be handled according to the Company's record retention policies. If an employee, officer or director is unsure whether a document should be retained, consult a supervisor or the General Counsel (or an officer with similar duties and responsibilities) before proceeding.

## Anti-Money Laundering

We are committed to preserving our reputation in the financial community by assisting in efforts to combat money laundering and terrorist financing. Money laundering is the practice of disguising the ownership or source of illegally obtained funds through a series of transactions to "clean" the funds so they appear to be proceeds from legal activities.

We have adopted measures to reduce the extent to which the Company's facilities, products and services can be used for a purpose connected with market abuse or financial crimes. Additionally, where necessary, we screen customers, potential customers and suppliers to ensure that our products and services cannot be used to facilitate money laundering or terrorist activity. If you have any questions about our internal anti-money laundering process and procedure, consult the General Counsel (or an officer with similar duties and responsibilities).

## Social Media

Unless you are authorized by the Company, you are discouraged from discussing the Company as part of your personal use of social media. While business should only be conducted through approved channels, we understand that social media is used as a source of information and as a form of communicating with friends, family and workplace contacts.

When you are using social media and identify yourself as a Company employee, officer or director or mention the Company incidentally, for instance on a Facebook page or professional networking site, please remember the following:

- Never disclose confidential information about the Company or its business, customers or suppliers.
- Make clear that any views expressed are your own and not those of the Company.
- Remember that our policy on Equal Opportunity, Non-Discrimination and Fair Employment applies to social media sites.
- Be respectful of your colleagues and all persons associated with the Company, including customers and suppliers.
- Promptly report to the Company's corporate communications department any social media content which inaccurately or inappropriately discusses the Company.
- Never respond to any information, including information that may be inaccurate about the Company.
- Never post documents, parts of documents, images or video or audio recordings that have been made with Company property or of Company products, services or people or at Company functions or events.

## Professional Networking

Online networking on professional or industry sites, such as LinkedIn, has become an important and effective way for colleagues to stay in touch and exchange information. Employees, officers and directors should use good judgment when posting information about themselves or the Company on any of these services.

What you post about the Company or yourself will reflect on all of us. When using professional networking sites, you should observe the same standards of professionalism and integrity described in our code and follow the social media guidelines outlined above.

## Government Inquiries

The Company cooperates with government agencies and authorities. Forward all requests for information, other than routine requests, to the General Counsel (or an officer with similar duties and responsibilities) immediately to ensure that we respond appropriately.

All information provided must be truthful and accurate. Never mislead any investigator. Do not ever alter or destroy documents or records subject to an investigation.

## Review

The Board shall review this Code annually and make changes as appropriate.

April 19, 2019

To: Luckin Coffee Inc.  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

Re: Legal Opinion on Certain PRC Law Matters

Dear Sirs,

We are qualified lawyers of the People's Republic of China (the "**PRC**", for the purpose of this legal opinion, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan region) and as such are qualified to issue legal opinions on the PRC laws, regulations or rules effective on the date hereof (the "**PRC Laws**").

We are acting as the PRC counsel for Luckin Coffee Inc. (the "**Company**"), an exempted company incorporated with limited liability under the laws of the Cayman Islands, in connection with (i) the registration statement of the Company on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the offering by the Company of a certain number of American Depositary Shares (the "**ADSs**"), each representing a certain number of Class A ordinary shares of the Company, par value US\$0.000002 per share, and (ii) the proposed listing on the Nasdaq Global Select Market (the "**Offering**").

金杜律师事务所国际联盟成员所。更多信息，敬请访问 [www.kwm.com](http://www.kwm.com)

亚太 | 欧洲 | 北美 | 中东

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Asia Pacific | Europe | North America | Middle East

As used in this opinion, (A) “**PRC Authorities**” means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC; (B) “**Governmental Authorizations**” means all approvals, consents, waivers, sanctions, certificates, authorizations, filings, registrations, exemptions, permissions, annual inspections, qualifications, permits and licenses required by any PRC Authorities pursuant to any PRC Laws; (C) “**PRC Subsidiaries**” means the Company’s indirect subsidiaries organized under the PRC Laws which take the legal form of company as set out in Appendix A; (D) “**Variable Interest Entity**” or “**VIE**” means the variable interest entity incorporated in the PRC, Beijing Luckin Coffee Technology Ltd.; (E) “**Group Companies**” means the Company, its subsidiaries and Variable Interest Entity. (F) “**M&A Rules**” means the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was issued by six PRC regulatory agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the “**CSRC**”) and the State Administration for Foreign Exchange, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009; and (G) “**Prospectuses**” mean the prospectus, including all amendments or supplements thereto, that form parts of the Registration Statement.

In so acting, we have examined the originals or copies, certified or otherwise identified to our satisfaction, provided to us by the Group Companies, and such other documents, corporate records, certificates, Governmental Authorizations and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion, including, without limitation, originals or copies of the agreements listed in Appendix B hereof (the “**VIE Agreements**”) and the certificates issued by the PRC Authorities and officers of the Company (collectively, the “**Documents**”).

In reviewing the Documents and for the purpose of this opinion, we have assumed:

- (1) the genuineness of all the signatures, seals and chops;
- (2) the authenticity of the Documents submitted to us as originals and the conformity with the originals of the Documents provided to us as copies and the authenticity of such originals;
- (3) the truthfulness, accuracy, completeness and fairness of all factual statements contained in the Documents;
- (4) that the Documents have not been revoked, amended, varied or supplemented except as otherwise indicated in such Documents;
- (5) that all information (including factual statements) provided to us by the Group Companies in response to our enquiries for the purpose of this opinion is true, accurate, complete and not misleading, and that the Group Companies have not withheld anything that, if disclosed to us, would reasonably cause us to alter this opinion in whole or in part;

- (6) that all parties have the requisite power and authority to enter into, execute, deliver and perform the Documents to which they are parties;
- (7) that all parties have duly executed, delivered and performed the Documents to which they are parties, and all parties will duly perform their obligations under the Documents to which they are parties;
- (8) that all Governmental Authorizations and other official statement or documentation were obtained from competent PRC Authorities by lawful means;
- (9) that all the Documents are legal, valid, binding and enforceable under all such laws as govern or relate to them, other than PRC Laws; and
- (10) that this opinion is limited to matters of the PRC Laws effective as the date hereof. We have not investigated, and we do not express or imply any opinion on accounting, auditing, or laws of any other jurisdiction.

## **I. Opinions**

Based on the foregoing and subject to the disclosures contained in the Registration Statement and the qualifications set out below, we are of the opinion that, as of the date hereof, so far as PRC Laws are concerned:

- (i) Based on our understanding of the current PRC Laws, (a) the ownership structure of the VIE, currently and immediately after completion of this Offering, are not in violation of applicable PRC Laws currently in effect; and (b) the VIE Agreements among Beijing Luckin Coffee Co., Ltd., the VIE and the shareholders of the VIE, governed by PRC Laws, currently and immediately after giving effect to this Offering, are legal, valid, binding and enforceable in accordance with its terms and applicable PRC Laws. However, there are substantial uncertainties regarding the interpretation and application of the existing and future PRC Laws, and there can be no assurance that the PRC Authorities may take a view that is not contrary to our opinion stated above.
- (ii) The M&A Rules, among other things, purport to require an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. Based on our understanding of the PRC Laws (including the M&A Rules), a prior approval from the CSRC is not required for the Offering because (a) the CSRC has not issued any definitive rule or interpretation concerning whether offering such as the Offering contemplated by the Company are subject to M&A Rules; (b) the PRC subsidiaries were incorporated as wholly foreign-owned enterprises by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are the Company's beneficial owners; and (c) there is no provision in the M&A Rules that clearly classifies the VIE Agreements and arrangement as a kind of merger and acquisition transaction falling under the M&A Rules. However, substantial uncertainties still exist as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and our opinion stated above is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.

- (iii) The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocal arrangements with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against the Company or its directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands.
- (iv) We are of the opinion that, as of the date hereof, the discussions of PRC taxation in the Prospectuses are true and accurate based on the PRC Laws; and the statements of law and legal conclusions in the Registration Statement under the caption “Taxation—People’s Republic of China Taxation” constitute our opinion as to the material tax consequences of an investment in the ADSs under the PRC Laws.
- (v) All statements set forth in the Registration Statement under the captions “Prospectus Summary”, “Risk Factors”, “Dividend Policy”, “Enforceability of Civil Liabilities” “Corporate History and Structure”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” “Business”, “Regulation” and “Related Party Transactions”, in each case insofar as such statements describe or summarize PRC legal or regulatory matters, are true and accurate in all material aspects, and did not omit to state any material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading.

## II. Qualifications

This opinion is subject to the following qualifications:

- (a) This opinion is, in so far as it relates to the validity and enforceability of a contract, subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors' rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercive at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney's fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process.
- (b) This opinion is subject to the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.
- (c) This opinion relates only to PRC Laws and there is no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect. We express no opinion as to any laws other than PRC Laws.
- (d) This Opinion is issued based on our understanding of the explicit provisions under the current PRC Laws. The interpretation and implementation of the PRC Laws and their application to and effect on the legality, binding force and enforceability of contracts are subject to the further clarification and final discretion of the competent PRC Authorities.
- (e) This opinion is intended to be used in the context which is specially referred to herein and each section should be considered as a whole and no part should be extracted and referred to independently.

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This opinion is delivered solely for the purpose of and in connection with the Registration Statement submitted to the U.S. Securities and Exchange Commission on the date of this opinion and may not be used for any other purpose without our prior written consent.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the use of our firm's name under the captions "Risk Factors", "Enforceability of Civil Liabilities", "Corporate History and Structure", "Regulation", "Taxation" and "Legal Matters" in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

**Yours faithfully,**

/s/ King & Wood Mallesons

**King & Wood Mallesons**

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**Appendix A**  
**List of PRC Subsidiaries**

1	Beijing Luckin Coffee Co., Ltd.
2	Tianjin Luckin Coffee Co., Ltd.
3	Luckin Coffee (China) Co., Ltd.
4	Luckin Coffee E-commerce (Pingtan) Co., Ltd.
5	Beijing Ruiji Coffee Co., Ltd.
6	Luckin Coffee Food (Tianjin) Co., Ltd.
7	Luckin Coffee Roasting (Tianjin) Co., Ltd.
8	Luckin Coffee (Dongguan) Co., Ltd.
9	Luckin Coffee (Ningbo) Co., Ltd.
10	Luckin Coffee (Dalian) Co., Ltd.
11	Luckin Coffee (Wuxi) Co., Ltd.
12	Luckin Coffee (Changsha) Co., Ltd.
13	Luckin Coffee (Zhengzhou) Co., Ltd.
14	Luckin Coffee (Qingdao) Co., Ltd.
15	Luckin Coffee (Suzhou) Co., Ltd.
16	Luckin Coffee (Xi'an) Co., Ltd.
17	Luckin Commerce and Trade (Chengdu) Co., Ltd.
18	Luckin Coffee (Chongqing) Co., Ltd.
19	Luckin Coffee (Shanghai) Co., Ltd.
20	Luckin Coffee (Wuhan) Co., Ltd.
21	Luckin Coffee (Fuzhou) Co., Ltd.
22	Luckin Coffee (Nanjing) Co., Ltd.
23	Luckin Coffee (Hangzhou) Co., Ltd.
24	Jinan Luckin Coffee Co., Ltd.
25	Luckin Coffee (Xiamen) Co., Ltd.
26	Luckin Coffee (Chengdu) Co., Ltd.
27	Luckin Coffee (Guangzhou) Co., Ltd.
28	Luckin Coffee (Shenzhen) Co., Ltd.
29	China Construction Datang (Tianjin) Engineering Design Co., Ltd.
30	China Construction Datang Building (Shenzhen) Co., Ltd.
31	Shanghai Fuen Coffee Co., Ltd.
32	Beijing Qianlei Ruiyan Restaurant Co., Ltd.
33	Luckin Coffee (Shaoxing) Co., Ltd.
34	Luckin Coffee (Nantong) Co., Ltd.
35	Luckin Coffee (Foshan) Co., Ltd.
36	Luckin Business Management (Beijing) Co., Ltd.
37	Luckin Coffee Roasting (Xiamen) Co., Ltd.
38	Luckin Coffee Information Technology (Xiamen) Co., Ltd.
39	Luckin Coffee (Yangzhou) Co., Ltd.
40	Luckin Coffee Food (Nanjing) Co., Ltd.
41	Luckin Coffee (Changzhou) Co., Ltd.
42	Luckin Coffee (Hefei) Co., Ltd.
43	Luckin Coffee (Shenyang) Co., Ltd.
44	Luckin Coffee (Kunming) Co., Ltd.
45	Luckin Coffee (Jiaxing) Co., Ltd.
46	Luckin Coffee (Quanzhou) Co., Ltd.
47	Luckin Coffee (Taiyuan) Co., Ltd.

- 48 Luckin Coffee (Guiyang) Co., Ltd.
- 49 Luckin Coffee (Wenzhou) Co., Ltd.
- 50 Luckin Coffee (Zhuhai) Co., Ltd.
- 51 Shijiazhuang Luckin Coffee Co., Ltd.
- 52 Luckin Tiangong (Beijing) Information Technology Ltd.
- 53 Nanchang Luckin Coffee Co., Ltd.
- 54 Luckin Coffee (Zhongshan) Co., Ltd.
- 55 Luckin Coffee (Zhenjiang) Co., Ltd.

**Appendix B**  
**List of VIE Agreements**

1. the Master Exclusive Service Agreement between Beijing Luckin Coffee Co., Ltd. and Beijing Luckin Coffee Technology Ltd. dated July 20, 2018;
2. the Business Cooperation Agreement among Beijing Luckin Coffee Co., Ltd., Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018;
3. the Exclusive Option Agreement among Beijing Luckin Coffee Co., Ltd., Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018;
4. the Share Pledge Agreement among Beijing Luckin Coffee Co., Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated September 20, 2018;
5. the Proxy Agreement and Power of Attorney among Beijing Luckin Coffee Co., Ltd., Beijing Luckin Coffee Technology Ltd. and the shareholders of Beijing Luckin Coffee Technology Ltd. dated July 20, 2018;
6. the Confirmation and Guarantee Letters entered into respectively by Zhiya Qian dated September 20, 2018 and by Min Chen dated September 20, 2018;
7. the Spousal Consent entered into by Min Chen's spouse dated September 20, 2018.

April 22, 2019

**Luckin Coffee Inc.**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

Re: Consent of Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Ladies and Gentlemen,

We understand that Luckin Coffee Inc. (the “**Company**”) plans to file a registration statement on Form F-1 (the “**Registration Statement**”) with the United States Securities and Exchange Commission (the “**SEC**”) in connection with its proposed initial public offering (the “**Proposed IPO**”).

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto (collectively, the “**Reports**”), and any subsequent amendments to the Reports, as well as the citation of the Reports and amendments thereto, (i) in the Registration Statement and any amendments thereto, (ii) in any written correspondences with the SEC, (iii) in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F or Form 6-K, or other SEC filings (collectively, the “**SEC Filings**”), (iv) on the websites or in the publicity materials of the Company and its subsidiaries and affiliates, (v) in institutional and retail road shows and other activities in connection with the Proposed IPO, and (vi) in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings.

Yours faithfully,

For and on behalf of  
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

/s/ Yves Wang

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Name: Yves Wang  
Title: Managing Director, China

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April 18, 2019

**Luckin Coffee Inc. (the “Company”)**

17F Block A, Tefang Portman Tower  
No. 81 Zhanhong Road  
Siming District, Xiamen, Fujian  
People’s Republic of China, 361008

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the “Registration Statement”) of the Company and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the Securities and Exchange Commission’s declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

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Sincerely yours,

/s/ Sean Shao

Name: Sean Shao

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April 18, 2019

**Luckin Coffee Inc. (the “Company”)**

17F Block A, Tefang Portman Tower  
No. 81 Zhanhong Road  
Siming District, Xiamen, Fujian  
People’s Republic of China, 361008

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the “Registration Statement”) of the Company and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the Securities and Exchange Commission’s declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

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Sincerely yours,

/s/ Thomas P. Meier

Name: Thomas P. Meier

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