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IQIYI, INC.

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2024

OR

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

OR

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

Date of event requiring this shell company report_____

For the transition period from_____ to _____

Commission file number: 001-38431

iQIYI, Inc.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

4/F, iQIYI Youth Center, Yoolee Plaza
No. 21, North Road of Workers' Stadium, Chaoyang District
Beijing 100027, People's Republic of China
(Address of principal executive offices)

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Beijing 100027, People's Republic of China
Telephone: +86 10-6267-7171
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares (each representing seven Class A ordinary shares, par value US$0.00001 per share)	IQ	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)
Class A ordinary shares, par value US$0.00001 per share*		The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)

(1) *Not for trading, but only in connection with the listing on The Nasdaq Global Select Market of our American depositary shares, each representing seven Class A ordinary shares.

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

None
(Title of Class)

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

None

(Title of Class)

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

As of December 31, 2024, there were 6,739,891,165 ordinary shares outstanding, being the sum of 3,698,793,887 Class A ordinary shares (excluding 155,790,793 Class A ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards under our share incentive plans) and 3,041,097,278 Class B ordinary shares.

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

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

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

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

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

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

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Emerging growth company ☐

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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INTRODUCTION

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

- "ADSs" refer to our American depositary shares, each of which represents seven Class A ordinary shares;
- "Baidu" refer to Baidu, Inc., our parent company and controlling shareholder;
- "bullet chat," known as *Danmu* in Chinese, refer to a form of video commentary used on online videos, which is comment that appears directly on the video in real-time;
- "China" or the "PRC" refer to the People's Republic of China, including Hong Kong, Macau and Taiwan, and "mainland China" refer to the People's Republic of China, excluding Hong Kong, Macau and Taiwan;
- "RMB" and "Renminbi" refer to the legal currency of mainland China;
- "shares" or "ordinary shares" refer to our Class A and Class B ordinary shares, par value $0.00001 per share;
- "U.S. GAAP" refer to generally accepted accounting principles in the United States;
- "US$," "U.S. dollars," "$," and "dollars" refer to the legal currency of the United States;
- "video views" refer to the number of times a video is launched on our platform, regardless of time spent viewing the video; and
- "we," "us," "our company" and "our" refer to iQIYI, Inc., a Cayman Islands company, and its subsidiaries, and, in the context of describing our operations and combined and consolidated financial information, the variable interest entities (as defined below);
- "VIEs" or "variable interest entities" refer to Beijing iQIYI Science & Technology Co., Ltd., Shanghai iQIYI Culture Media Co., Ltd., Shanghai Zhong Yuan Network Co., Ltd., iQIYI Pictures (Beijing) Co., Ltd., Beijing iQIYI Intelligent Entertainment Technology Co., Ltd., and Beijing iQIYI Yinhua Media Co., Ltd. All of the variable interest entities are domestic companies incorporated in mainland China in which we do not have any equity ownership but whose financial results have been consolidated into our consolidated financial statements based solely on contractual arrangements in accordance with U.S. GAAP. See "Item 4. Information on the Company—C. Organizational Structure" for an illustrative diagram of our corporate structure.

We present our financial results in RMB. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The mainland China government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. This annual report contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations of Renminbi into U.S. dollars were made at the rate at RMB7.2993 to US$1.00, the exchange rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System in effect as of December 31, 2024.

FORWARD-LOOKING INFORMATION

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

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 goals and strategies;
- our ability to retain and increase the number of users, members and advertising customers, and expand our service offerings;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- competition in our industry;
- government policies and regulations relating to our industry;
- general economic and business conditions globally and in mainland China; and
- assumptions underlying or related to any of the foregoing.

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

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

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the Variable Interest Entities

iQIYI, Inc. is not a Chinese operating company, but rather a Cayman Islands holding company with no equity ownership in the variable interest entities. Our Cayman Islands holding company does not conduct business operations directly. We conduct our operations in mainland China through (i) our mainland China subsidiaries, which primarily include Beijing QIYI Century Science and Technology Co., Ltd., or Beijing QIYI Century, and Beijing iQIYI Interactive Technology Co., Ltd., and (ii) the variable interest entities with which we have maintained contractual arrangements, namely Beijing iQIYI Science & Technology Co., Ltd., or Beijing iQIYI, Shanghai iQIYI Culture Media Co., Ltd., or Shanghai iQIYI, Shanghai Zhong Yuan Network Co., Ltd., or Shanghai Zhong Yuan, iQIYI Pictures (Beijing) Co., Ltd., or iQIYI Pictures, Beijing iQIYI Intelligent Entertainment Technology Co., Ltd., or Intelligent Entertainment, and Beijing iQIYI Yinhua Media Co., Ltd., or iQIYI Yinhua, and their subsidiaries in mainland China.

The series of contractual agreements which we maintained with the variable interest entities, including loan agreement, share pledge agreement, exclusive purchase option agreement, business operation agreement, business cooperation agreement, commitment letter, shareholder voting rights trust agreement, exclusive technology consulting and services agreement, trademark license agreement, software usage license agreement, power of attorney and spousal consent letter, have been entered into by and among our subsidiaries, the variable interest entities and their respective shareholders. These contractual arrangements were entered by and among (i) Beijing iQIYI, Shanghai iQIYI and Shanghai Zhong Yuan, respectively, and their respective shareholders, with Beijing QIYI Century and iQIYI, Inc.; (ii) iQIYI Pictures and Intelligent Entertainment, respectively, and their respective shareholders, with Beijing iQIYI New Media Science and Technology Co., Ltd. and iQIYI, Inc; and (iii) iQIYI Yinhua and its shareholders, with Beijing iQIYI Optical Era Technology Co., Ltd., or Optical Era, and iQIYI, Inc.

The contractual arrangements may not be as effective as direct equity ownership in the variable interest entities, and the government authorities may challenge the enforceability of these contractual arrangements. PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in certain value-added telecommunication services, internet audio-video program services, production and operation of radio and television programs, and certain other businesses. Accordingly, we operate these businesses in mainland China through the variable interest entities and their subsidiaries, and rely on contractual arrangements among our mainland China subsidiaries, the variable interest entities and their nominee shareholders to control the business operations of the variable interest entities. The variable interest entities are consolidated for accounting purposes but are not entities in which our Cayman Islands holding company or our investors hold equity. Revenues contributed by the variable interest entities accounted for 92%, 92% and 93% of our total revenues for the years ended December 31, 2022, 2023 and 2024, respectively. As used in this annual report, “we,” “us,” “our company,” “our,” or “iQIYI” refers to iQIYI, Inc., its subsidiaries, and, in the context of describing our operations and consolidated financial information, the variable interest entities in mainland China, namely Beijing iQIYI, Shanghai iQIYI, Shanghai Zhong Yuan, iQIYI Pictures, Intelligent Entertainment and iQIYI Yinhua, and their subsidiaries. Investors in our ADSs are not purchasing equity interest in the variable interest entities in mainland China, but instead are purchasing equity interest in iQIYI, Inc., a holding company incorporated in the Cayman Islands.

The following is a summary of the currently effective contractual arrangements among Beijing QIYI Century, Beijing iQIYI, Beijing iQIYI’s shareholder and iQIYI, Inc.:

(i) a loan agreement, pursuant to which, our wholly-owned mainland China subsidiary, Beijing QIYI Century, made loans to the shareholder of Beijing iQIYI for the acquisition and capitalization of Beijing iQIYI, with the condition that such shareholder can only repay the loans by the sale of all the equity interest in Beijing iQIYI owned by such shareholder to iQIYI, Inc. insofar as permitted under PRC law and pay all of the proceeds from sale of such equity interests to iQIYI, Inc.

(ii) a share pledge agreement, pursuant to which, the shareholder of Beijing iQIYI pledged all equity interest in Beijing iQIYI owned by such shareholder to Beijing QIYI Century to guarantee the shareholder’s and Beijing iQIYI’s performance of obligations under the exclusive technology consulting and services agreement and the loan agreement, and the shareholder agreed not to dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests during the term of the share pledge agreement.

(iii) an exclusive purchase option agreement, pursuant to which, the shareholder of Beijing iQIYI irrevocably granted iQIYI, Inc. or its designee an exclusive option to purchase at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Beijing iQIYI.

(iv) a business operation agreement, pursuant to which, Beijing QIYI Century agreed to provide Beijing iQIYI with performance guarantees with respect to any contracts, agreements and transactions Beijing iQIYI entered into in connection with its business, and Beijing iQIYI agreed to offer all its account receivables and assets as collateral.

(v) a business cooperation agreement, pursuant to which, Beijing iQIYI agreed to provide Beijing QIYI Century with services, including internet information services, online advertising and other services reasonably necessary within the scope of Beijing QIYI Century's business, and Beijing QIYI Century agreed to pay specified service fees to Beijing iQIYI as consideration for such services. Beijing iQIYI has the right to waive the service fees.

(vi) a commitment letter, pursuant to which, under the condition that Beijing iQIYI remains as an entity of which the financial statements are consolidated by iQIYI, Inc. and Beijing QIYI Century under U.S. GAAP and the contractual arrangements remain in effect, iQIYI, Inc. and Beijing QIYI Century undertake to provide financial support to Beijing iQIYI for any financial loss that might affect its business operation occurred before and after the execution of the commitment letter as permitted by law.

(vii) a shareholder voting rights trust agreement, pursuant to which, the shareholder of Beijing iQIYI agreed to irrevocably entrust a person designated by Beijing QIYI Century to represent the shareholder to exercise all the voting rights and other shareholders' rights to which such shareholder is entitled.

(viii) an exclusive technology consulting and services agreement, pursuant to which, Beijing QIYI Century has the sole and exclusive right to provide specified technology consulting and services to Beijing iQIYI, and Beijing iQIYI agreed to accept such services and pay specified service fees to Beijing QIYI Century. Beijing iQIYI also agreed not to accept the same or similar technology consulting and services provided by any third-party during the term of the agreement without the prior written consent of Beijing QIYI Century.

(ix) a trademark license agreement, pursuant to which, Beijing QIYI Century exclusively granted Beijing iQIYI trademark licenses to use the trademarks held by Beijing QIYI Century in specified areas for specified usage fees.

(x) a software usage license agreement, pursuant to which, Beijing QIYI Century granted Beijing iQIYI non-exclusive rights to use specified software in mainland China, and Beijing iQIYI agreed to pay specified usage fees to Beijing QIYI Century and not to sublicense such software usage rights.

(xi) a power of attorney, whereby Beijing QIYI Century granted iQIYI, Inc. an irrevocable power of attorney under the shareholder voting rights trust agreement, and as such, iQIYI, Inc. may exercise all shareholder rights during the term of the shareholder voting rights trust agreement and may transfer such rights to a designated third-party without written notice to Beijing QIYI Century.

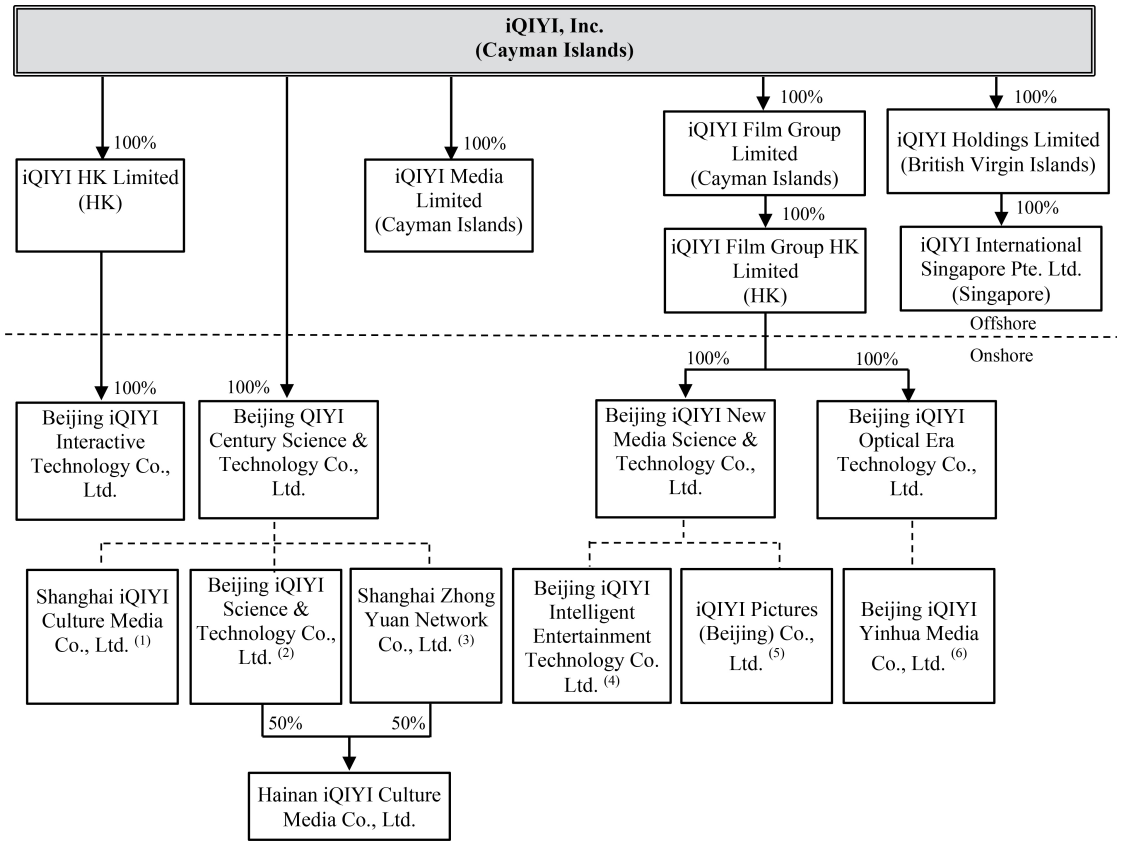
(xii) a spousal consent letter, whereby the signing spouse committed not to impose any adverse assertions upon the validity of the agreements described above based on the existence or termination of the marital relationship with the shareholder, or exert any impediment or adverse influence over the shareholder's performance of any contractual arrangement or claim rights on Beijing iQIYI.

The terms of the contractual arrangements by and among (i) Shanghai iQIYI and Shanghai Zhong Yuan, respectively, and their respective shareholders, with Beijing QIYI Century and iQIYI, Inc.; (ii) iQIYI Pictures and Intelligent Entertainment, respectively, and their respective shareholders, with iQIYI New Media and iQIYI, Inc.; and (iii) iQIYI Yinhua and its shareholders, with Optical Era and iQIYI, Inc. are substantially the same as the contractual arrangements discussed above.

For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders." Terms contained in each set of contractual arrangements with the variable interest entities and their respective shareholders are substantially similar. Despite the lack of equity ownership, our Cayman Island holding company, iQIYI, Inc., is considered as the primary beneficiary of the variable interest entities and consolidates the financial results of the variable interest entities and their subsidiaries as required by Accounting Standards Codification, or ASC, topic 810, *Consolidation.* Accordingly, we treat the variable interest entities as our consolidated entities under U.S. GAAP and we consolidate the financial results of the variable interest entities in our consolidated financial statements in accordance with U.S. GAAP. Neither iQIYI, Inc. nor its investors have an equity ownership in, direct foreign investment in, or control through such ownership or investment of, the variable interest entities, and the contractual arrangements are not equivalent to an equity ownership in the business of the variable interest entities.

However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the variable interest entities and we may incur substantial costs to enforce the terms of the arrangements. All of these contractual arrangements are governed by and interpreted in accordance with PRC law, and disputes arising from these contractual arrangements will be resolved through arbitration in mainland China. There remain significant uncertainties regarding the ultimate outcome of arbitration should legal action become necessary. These uncertainties could limit our ability to enforce these contractual arrangements. As such, the variable interest entity structure involves unique risks to investors of our Cayman Islands holding company. In addition, the legality and enforceability of the contractual agreements among our mainland China subsidiaries, the variable interest entities, and their nominee shareholders, as a whole, have not been tested in a court of law in mainland China. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to direct activities that most significantly affect the economic performance of the variable interest entities, and our ability to conduct our business may be materially adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control" and "—The shareholders of the variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition."

The following diagram illustrates our current corporate structure, which identifies our major subsidiaries, including our significant subsidiaries, and the variable interest entities, as of the date of this annual report:



---------- For details of contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders."

——▶ Equity interest.

Notes:

(1) Dr. Yu Gong, our founder, chief executive officer and director, and Mr. Xiaohua Geng, our senior vice president, each holds 50% and 50% of the equity interests in Shanghai iQIYI.

(2) Mr. Xiaohua Geng holds 99% of the equity interests in Beijing iQIYI and Yangshipin Integrated Media Development Co., Ltd., a third-party minority shareholder, holds 1% of the equity interests in Beijing iQIYI.

(3) Dr. Yu Gong holds 100% of the equity interests in Shanghai Zhong Yuan.

(4) Dr. Yu Gong and Mr. Xianghua Yang, our senior vice president, each holds 50% and 50% of the equity interests in Intelligent Entertainment.

(5) Dr. Yu Gong and Mr. Ning Ya, president of iQIYI Pictures, each holds 50% and 50% of the equity interests in iQIYI Pictures.

(6) Dr. Yu Gong and Mr. Xiaohui Wang, our chief content officer, each holds 50% and 50% of the equity interests in iQIYI Yinhua.

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the variable interest entities and their nominee shareholders. Though the Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, the definition of "foreign investment" thereunder is relatively wide and contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities in the future. If any of the variable interest entities were deemed as a foreign-invested enterprise under any such future laws, administrative regulations or provisions, we may be subject to restrictions, ratification requirements and may need to take further actions to comply with such future laws, administrative regulations or provisions. Such actions may have a material and adverse impact on our business, financial condition, result of operations and prospects. In addition, it is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or any of the variable interest entities is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion in accordance with the applicable laws and regulations to take action in dealing with such violations or failures. If the PRC government deems that our contractual arrangements with the variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our Cayman Islands holding company, our mainland China subsidiaries and the variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the variable interest entities and, consequently, significantly affect the financial performance of the variable interest entities and our company as a whole. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" and "—The interpretation and implementation of the newly enacted PRC Foreign Investment Law shall be determined in accordance with the laws and regulations in force at the time and any noncompliance thereof may impact the viability of our current corporate structure, corporate governance and business operations."

We face various risks and uncertainties related to doing business in mainland China. Our business operations are primarily conducted in mainland China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments or financing, or list on a United States or other foreign exchange. For a detailed description of risks related to doing business in mainland China, see "Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in Mainland China."

In addition, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, in the future, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In April 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021, which included an audit report issued by Ernst & Young Hua Ming LLP, a registered public accounting firm headquartered in mainland China. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a

Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. The delisting or prohibition of trading of our ADSs, or the threat of their being delisted or prohibition from trading, may materially and adversely affect the value of your investment. Furthermore, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC or any other foreign jurisdiction. If authorities in the PRC or another foreign jurisdiction were to take a position at any time in the future that would prevent the PCAOB from continuing to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, and if such lack of inspection were to extend for the requisite period of time under the HFCAA, our securities will be prohibited from being traded on U.S. markets and this could result in a determination by Nasdaq to delist our securities. Additionally, the inability of the PCAOB to conduct inspections in the past has deprived our investors with the benefits of such inspections. These risks could result in a material adverse change in our operations and the value of our ADSs or significantly limit or completely hinder our ability to offer or continue to offer securities to investors, and cause the value of such securities to significantly decline or become worthless. See "Item 3. Key Information—D. Risk Factors— Risks Related to Doing Business in Mainland China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections" and "—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of our ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment."

PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could result in a material adverse change in our operations and the value of our ADS or significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline or become worthless. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs."

Risks and uncertainties arising from the legal system in mainland China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in mainland China, could result in a material adverse change in our operations and the value of our ADSs. There is no assurance that the mainland China government will not intervene in or impose restrictions on the ability of iQIYI, Inc., its subsidiaries, and the variable interest entities to transfer cash or assets. To the extent cash or assets in the business is in mainland China or a mainland China entity, the funds or assets may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations on the ability of iQIYI, Inc., its subsidiaries, or the variable interest entities by the mainland China government to transfer cash or assets. As of the date of this annual report, there is no equivalent or similar restriction or limitation in Hong Kong on cash or assets transfers in, or out of, our Hong Kong entities. However, if restrictions or limitations were to become applicable to cash or assets transfers in and out of Hong Kong entities in the future, the funds or assets in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us."

Cash Flows through Our Organization

iQIYI, Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our mainland China subsidiaries, the variable interest entities and their subsidiaries in mainland China. As a result, iQIYI, Inc.'s ability to pay dividends to the shareholders and investors of the ADSs depends upon dividends paid by our mainland China subsidiaries. If our existing mainland China subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, current PRC regulations permit our mainland China 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. Furthermore, each of our mainland China subsidiaries and the variable interest entities is 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 such entities in mainland China 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 the discretion of its board of directors. These reserves are not distributable as cash dividends. For more details, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure." Our subsidiaries' ability to distribute dividends is based upon their distributable earnings.

We have in place a centralized cash management policy and established stringent controls and procedures for cash flows within our organization. Under our cash management policy, cash is managed by the centralized treasury department of our company, and each transfer of cash between our Cayman Islands holding company and a subsidiary, the variable interest entities or the subsidiaries of the variable interest entities is subject to internal approval. All such transfers are reviewed and approved by the authorities where required, including the State Administration of Foreign Exchange, or SAFE. We only allow the treasury department personnel to have access to our funds, and we also segregate duties between personnel involved in funds management. The cash management policy is not contractual in nature. The controls and procedures on cash transfers in the policy adhere to regulatory requirements. In addition, our board of directors has complete discretion on whether to distribute dividends to the shareholders. 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, we will pay our ADS holders to the same extent as holders of our Class A ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." The cash inflows of the Cayman Islands holding company were primarily generated from the proceeds we received from our public offerings of ordinary shares, our offerings of convertible senior notes and other financing activities. For the years ended December 31, 2022, 2023 and 2024, the Cayman Islands holding company provided capital contributions of RMB2,314.5 million, RMB235.0 million and nil, respectively, to our subsidiaries. For each of the years ended December 31, 2022, 2023 and 2024, the Cayman Islands holding company provided loans to our subsidiaries, namely iQIYI HK Limited, iQIYI Media Limited, iQIYI Film Group HK Limited, and iQIYI International Singapore Pte, Ltd., the amounts of which was RMB3,577.6 million, RMB4,955.8 million and RMB17,406.6 million (US$2,384.7 million), respectively, and received repayments of RMB3,398.5 million, RMB5,428.8 million and RMB20,791.1 million (US$2,848.4 million), respectively, during the same period from such subsidiaries. No withholding tax was applicable on such repayments. For the years ended December 31, 2022, 2023 and 2024, the variable interest entities did not receive any loans from or repay any loans to the Cayman Islands holding company. For the years ended December 31, 2022, 2023 and 2024, our subsidiaries paid dividends of nil, nil and RMB186.2 million (US$25.5 million) to the holding company. For the years ended December 31, 2022, 2023 and 2024, no assets other than above cash transactions were transferred between the Cayman Islands holding company and a subsidiary, a variable interest entity or its subsidiary, and no dividends or distributions were paid or made to U.S. investors. For the years ended December 31, 2022, 2023 and 2024, our subsidiaries provided capital contributions of nil, nil and RMB100.0 million (US$13.7 million), respectively, to the variable interest entities. For the years ended December 31, 2022, 2023 and 2024, no assets were transferred between our subsidiaries and the variable interest entities. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." However, if our mainland China subsidiaries declare and distribute profits to us, such payments will be subject to withholding tax, which will increase our tax liability and reduce the amount of cash available to our company. For example, iQIYI Film Group HK Limited, which directly owns our mainland China subsidiary, Beijing iQIYI New Media Science and Technology Co., Ltd., is incorporated in Hong Kong. For the potential distributable profits to be distributed to iQIYI Film Group HK Limited, the deferred tax liabilities will be accrued at a 10% withholding tax rate. However, if iQIYI Film Group HK Limited is considered to be the beneficial owner of the dividends paid to it by iQIYI New Media under the tax circulars promulgated in February and October 2009, such dividends would be subject to withholding tax at a rate of 5%. For more information on related risks, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—We may rely on dividends and other distributions on equity paid by our mainland China subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business." For mainland China and United States federal income tax considerations in connection with an investment in our ADSs, see "Item 10. Additional Information—E. Taxation."

For details of the financial position, cash flows and results of operations of the variable interest entities, see "Item 3. Key Information—Financial Information Related to the Variable Interest Entities." We plan to continue to determine the amount of service fee and payment method with the variable interest entities and their shareholders based on the working capital needs of the variable interest entities, and settle fees under the contractual arrangements with the variable interest entities when required in the future.

In addition, our mainland China subsidiaries, the variable interest entities and their subsidiaries generate their revenue primarily in Renminbi, which is not freely convertible into other currencies. Under PRC laws and regulations, our mainland China subsidiaries and the variable interest entities are subject to certain restrictions with respect to paying dividends or make distributions to shareholders of our securities, or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of mainland China is also subject to examination by the banks designated by SAFE. The amounts restricted include the paid-in capital of our mainland China subsidiaries and the net assets of the variable interest entities in which we have no legal ownership. Furthermore, cash transfers from our mainland China subsidiaries and the variable interest entities to entities outside of mainland China are subject to PRC government controls on currency conversion. To the extent cash in our business is in mainland China or a mainland China entity, such cash may not be available to fund operations or for other use outside of the PRC due to restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the variable interest entities to transfer cash outside of the PRC. Shortages in the availability of foreign currency may temporarily delay the ability of our mainland China subsidiaries and the

variable interest entities to remit sufficient foreign currency to pay dividends or make distributions to shareholder of our securities, or other payments to us, or otherwise satisfy their foreign currency denominated obligations. In view of the foregoing, to the extent cash in our business is held in mainland China or by a mainland China entity, such cash may not be available to fund operations or for other use outside of the PRC. As a result, any restriction on currency exchange may limit the ability of our mainland China subsidiaries to pay dividends to us. For more details, see "Item 3. Key Information—D. Risk Factors—Summary of Risk Factors—Risks Related to Doing Business in Mainland China—Our mainland China subsidiaries and the variable interest entities are subject to certain restrictions with respect to paying dividends or make distributions to shareholders of our securities, or otherwise transferring any of their net assets to us," "—We may rely on dividends and other distributions on equity paid by our mainland China subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business," "—Any funds we transfer to our mainland China subsidiaries are subject to approval by or registration or filing with governmental authorities in mainland China" and "—We are subject to PRC laws and regulations governing loans to and direct investment in mainland China entities by offshore holding companies and currency conversion, which may delay or prevent us to make loans to or make additional capital contributions to our mainland China subsidiaries and the variable interest entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

Permissions Required from the PRC Authorities for Our Operations

We conduct our business primarily through our subsidiaries and the variable interest entities in mainland China. Our operations in mainland China are governed by PRC laws and regulations. As advised by our PRC legal counsel, Jingtian & Gongcheng, as of the date of this annual report, our mainland China subsidiaries, the variable interest entities and their subsidiaries have obtained all the requisite permissions and approvals from the PRC government authorities for the business operations of our holding company, our subsidiaries, and the variable interest entities in mainland China, namely, the Value-added Telecommunications Business Operation License, or the VATS License, the Permit for Internet Audio-video Program Service, the Network Culture Business Permit, the Permit to Produce and Operate Radio and Television Programs, the Commercial Performance License, the Internet Publishing License, the Publication Trade License and the Food Trade License. Our mainland China subsidiaries, the variable interest entities and their subsidiaries have not been denied for any requisite permission or approval from any PRC government authority with respect to the operation of their respective business. As advised by our PRC legal counsel, as of the date of this annual report, under current PRC laws, regulations and rules, except as disclosed in "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Any lack of requisite permits for any of our internet video and other content or any of our business may expose us to regulatory sanctions," we, our mainland China subsidiaries, the variable interest entities and their subsidiaries are not required to obtain additional permission or approval from other PRC government authorities with respect to the operation of our business. In addition, as advised by our PRC legal counsel, Jingtian & Gongcheng, as of the date of this annual report, under current PRC laws, regulations and rules, we, our mainland China subsidiaries, the variable interest entities and their subsidiaries are not required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, or go through cybersecurity review by the Cyberspace Administration of China, or the CAC, with respect to the operation of our business.

However, given the uncertainties of interpretation and implementation of the laws and regulations and enforcement practice by the government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future, and may not be able to maintain or renew our current licenses, permits, filings or approvals. If we, our mainland China subsidiaries, variable interest entities and their subsidiaries (i) do not receive or maintain any necessary permissions or approvals from PRC authorities to operate business or offer securities, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors, and cause the value of such securities to significantly decline or be worthless. For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Any lack of requisite permits for any of our internet video and other content or any of our business may expose us to regulatory sanctions."

Permissions Required from the PRC Authorities for Overseas Financing Activities

Under current PRC laws, regulations and regulatory rules, we, our mainland China subsidiaries, the variable interest entities and their subsidiaries may be required to obtain permissions from the CSRC, and may be required to go through cybersecurity review by the CAC, in connection with any future offering and listing in an overseas market. As of the date of this annual report, we have not been subject to any cybersecurity review made by the CAC.

On February 17, 2023, the CSRC published the Interim Administrative Measures on Overseas Securities Offering and Listing by the Domestic Enterprises, or the Overseas Listing Measures, which took effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system is applied to "indirect overseas offerings and listings" of PRC domestic companies, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a domestic company that operates its main business domestically in mainland China. The Overseas Listing Measures state that, any overseas offering of securities, including issuance of shares, convertible notes and other similar securities, by a PRC domestic company, and listing by a PRC domestic company in an overseas market, shall be subject to filing requirement within three business days after the completion of such offering or listing. In connection with the Overseas Listing Measures, on February 17, 2023, the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by the Domestic Enterprises. According to this notice, issuers that have already been listed in an overseas market by March 31, 2023, the date on which the Overseas Listing Measures took effect, such as our company, are not required to make any immediate filing. However, such issuers will be required to comply with the filing requirements under Overseas Listing Measures if and when they pursue any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions. While we have completed the CSRC filing for our 2030 Notes, we cannot guarantee that we will be able to complete the required filings or other regulatory procedures in the future. If we fail to obtain required approval or complete other review or filing procedures, under the Overseas Listing Measures or otherwise, for any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions, we may face sanctions by the CSRC or other PRC regulatory authorities, which may include fines and penalties on our operations in mainland China, limitations on our operating privileges in mainland China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in mainland China, restrictions on or delays to our future financing transactions offshore, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

As advised by our PRC legal counsel, Jingtian & Gongcheng, as of the date of this annual report, under current PRC laws, regulations and rules, we, our mainland China subsidiaries, the variable interest entities and their subsidiaries are not required to obtain permission from the CSRC, or go through cybersecurity review by the CAC, or obtain permission or approval from other PRC government authorities with respect to previous issuances of securities to foreign investors.

For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing" and "—Risks Related to Our Business and Industry—Our business is subject to complex and evolving Chinese and international laws and regulations regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in claims, changes to our business practices, negative publicity, legal proceedings, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business."

Selected Consolidated Financial Data

The following selected consolidated statements of comprehensive (loss)/income data for the years ended December 31, 2022, 2023 and 2024, selected consolidated balance sheet data as of December 31, 2023 and 2024 and selected consolidated cash flows data for the years ended December 31, 2022, 2023 and 2024 have been derived from our audited consolidated financial statements included in this annual report beginning on page F-2. The following selected consolidated statements of comprehensive loss data for the years ended December 31, 2020 and 2021, selected consolidated balance sheet data as of December 31, 2020, 2021 and 2022 and selected consolidated cash flows data for the years ended December 31, 2020 and 2021 have been derived from our audited consolidated financial statements not included in this annual report. Our historical results for any period are not necessarily indicative of results to be expected for any future period.

The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" below. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Despite the lack of equity ownership, our Cayman Island holding company is considered as the primary beneficiary of the variable interest entities and consolidates the financial results of the variable interest entities and their subsidiaries as required by ASC topic 810, *Consolidation.* Accordingly, we treat the

variable interest entities as our consolidated entities under U.S. GAAP and we consolidate the financial results of the variable interest entities in our consolidated financial statements in accordance with U.S. GAAP.

	For the year ended December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands, except for share and per share data)					
Selected Consolidated Statements of Comprehensive (Loss)/Income Data:						
Total revenues	29,707,215	30,554,359	28,997,548	31,872,651	29,225,238	4,003,841
Operating costs and expenses						
Cost of revenues[2]	(27,884,395)	(27,513,497)	(22,319,315)	(23,102,492)	(21,953,582)	(3,007,628)
Selling, general and administrative[2]	(5,187,835)	(4,725,142)	(3,466,579)	(4,014,070)	(3,682,050)	(504,439)
Research and development[2]	(2,675,494)	(2,794,927)	(1,899,233)	(1,766,610)	(1,778,403)	(243,640)
Total operating costs and expenses	(35,747,724)	(35,033,566)	(27,685,127)	(28,883,172)	(27,414,035)	(3,755,707)
Operating (loss)/income	(6,040,509)	(4,479,207)	1,312,421	2,989,479	1,811,203	248,134
Total other expense, net	(943,368)	(1,532,781)	(1,346,197)	(956,878)	(959,524)	(131,455)
(Loss)/income before income taxes	**(6,983,877)**	**(6,011,988)**	**(33,776)**	**2,032,601**	**851,679**	**116,679**
Income tax expense	(23,276)	(96,545)	(84,000)	(80,047)	(61,090)	(8,369)
Net (loss)/income	**(7,007,153)**	**(6,108,533)**	**(117,776)**	**1,952,554**	**790,589**	**108,310**
Less: Net income attributed to non-controlling interests	31,208	61,051	18,436	27,085	26,530	3,634
Accretion of redeemable noncontrolling interests	(7,087)	(20,336)	—	—	—	—
Net (loss)/income attributable to ordinary shareholders	**(7,045,448)**	**(6,189,920)**	**(136,212)**	**1,925,469**	**764,059**	**104,676**
Net (loss)/income per Class A and Class B ordinary share[1]						
Basic	(1.36)	(1.11)	(0.02)	0.29	0.11	0.02
Diluted	(1.36)	(1.11)	(0.02)	0.28	0.11	0.02
Net (loss)/income per ADS:						
Basic	(9.52)	(7.77)	(0.16)	2.02	0.79	0.11
Diluted	(9.52)	(7.77)	(0.16)	1.98	0.79	0.11
Shares used in net (loss)/income per Class A and Class B ordinary share computation						
Basic	5,176,180,057	5,570,736,706	5,988,021,425	6,675,522,809	6,729,974,821	6,729,974,821
Diluted	5,176,180,057	5,570,736,706	5,988,021,425	6,823,628,066	6,799,500,149	6,799,500,149

Notes:

(1) Our ordinary shares are comprised of Class A ordinary shares and Class B ordinary shares. Each holder of Class A ordinary shares is entitled to one vote per share and each holder of Class B ordinary shares is entitled to ten votes per share on all matters submitted to them for a vote. Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis. As holders of Class A and Class B ordinary shares have the same dividend rights and the same participation rights in our undistributed earnings, the basic and diluted (loss)/income per Class A ordinary share and Class B ordinary share are the same for all the periods presented during which there were two classes of ordinary shares.

(2) Share-based compensation expenses were allocated in operating costs and expenses as follows:

	For the year ended December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Selected Consolidated Statements of Comprehensive (Loss)/Income Data:						
Cost of revenues	201,970	173,263	147,045	133,160	121,048	16,584
Selling, general and administrative	851,416	718,377	425,209	314,788	273,330	37,446
Research and development	316,709	327,523	239,187	188,784	150,017	20,552
Total	**1,370,095**	**1,219,163**	**811,441**	**636,732**	**544,395**	**74,582**

	As of December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Selected Consolidated Balance Sheet Data:						
Cash and cash equivalents	10,915,282	2,997,212	7,097,938	4,434,525	3,529,679	483,564
Restricted cash	25,230	77,652	13,618	6,120	—	—
Short-term investments	3,358,174	1,348,255	818,265	941,738	941,610	129,000
Total current assets	22,290,424	11,524,117	13,785,635	12,635,229	9,527,236	1,305,226
Total assets	48,185,429	42,472,165	46,048,349	44,594,374	45,760,525	6,269,166
Total current liabilities[(l)]	24,854,578	22,476,470	28,130,018	22,341,534	21,477,333	2,942,382
Total liabilities[(1)]	38,741,131	36,799,052	39,704,910	32,409,459	32,386,761	4,436,968
Total mezzanine equity	108,629	397,385	—	—	—	—
Total shareholders' equity[(1)]	9,335,669	5,275,728	6,343,439	12,184,915	13,373,764	1,832,198

Notes:

(1) We adopted ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06") on January 1, 2022, using a modified retrospective transition method. Following the adoption of ASU 2020-06, all of the proceeds received from the issuance of the existing notes have been recorded as a liability on the balance sheet in accordance with ASC 470-20. The difference between the principal amount of each of the existing notes and net proceeds from the issuance is considered debt discount and is amortized at their respective effective interest rates to accrete the carrying value of the existing notes to its face value (*i.e.*, 120% or 130% of the principal amount for the PAG Notes) on the respective put dates or maturity dates of the existing notes.

The following table presents our selected consolidated cash flows data for the years indicated.

	For the year ended December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US$
			(in thousands)			
Selected Consolidated Cash Flows Data:						
Net cash (used for)/provided by operating activities	(5,411,071)	(5,951,847)	(70,569)	3,351,600	2,110,057	289,075
Net cash provided by/(used for) investing activities	159,296	1,262,350	265,980	(1,739,515)	(2,444,870)	(334,945)
Net cash provided by/(used for) financing activities	9,373,906	(2,959,455)	4,468,863	(4,285,072)	(1,370,121)	(187,705)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(91,293)	(216,696)	122,418	92,039	14,657	2,008
Net increase/(decrease) in cash, cash equivalents and restricted cash	4,030,838	(7,865,648)	4,786,692	(2,580,948)	(1,690,277)	(231,567)
Cash, cash equivalents and restricted cash at the beginning of the year	6,909,674	10,940,512	3,074,864	7,861,556	5,280,608	723,440
Cash, cash equivalents and restricted cash at the end of the year	10,940,512	3,074,864	7,861,556	5,280,608	3,590,331	491,873

Financial Information Related to the Variable Interest Entities

The following tables present the condensed consolidating schedule of financial information for iQIYI, Inc., who is considered as the primary beneficiary of the variable interest entities under U.S. GAAP, the variable interest entities and other entities as of the dates presented.

- "iQIYI, Inc." is our holding company in the Cayman Islands, and is considered as the primary beneficiary of the variable interest entities including, but not limited to, Beijing iQIYI, Shanghai iQIYI and Shanghai Zhong Yuan;
- "Variable interest entities and their subsidiaries" refer to the sum of Beijing iQIYI, Shanghai iQIYI, Shanghai Zhong Yuan, iQIYI Pictures, Intelligent Entertainment, iQIYI Yinhua and their respective subsidiaries;
- "WFOEs" refer to Beijing QIYI Century, iQIYI New Media and Optical Era;
- "Subsidiaries (other than WFOEs)" refer to the sum of our wholly-owned subsidiaries other than the WFOEs, which mainly include but not limited to Tianjin iQIYI Network & Technology Co., Ltd., Shanghai iQIYI Network & Technology Co., Ltd., Beijing iQIYI Interactive Technology Co., Ltd., Shanghai iQIYI New Media Science & Technology Co., Ltd., and Hainan iQIYI Information Technology Co., Ltd.

Selected Condensed Consolidating Statements of Comprehensive (Loss)/Income Information

	For the year ended December 31,											
	2022						2023					
	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)											
Total revenues	**—**	**26,966,013**	**6,069,870**	**4,889,426**	**(8,927,761)**	**28,997,548**	**—**	**29,783,468**	**6,028,092**	**6,014,245**	**(9,953,154)**	**31,872,651**
Third-party revenues	—	26,781,187	6,305	2,210,056	—	28,997,548	—	29,432,773	7,002	2,432,876	—	31,872,651
Inter-Group revenues	—	184,826	6,063,565	2,679,370	(8,927,761)	—	—	350,695	6,021,090	3,581,369	(9,953,154)	—
Cost of revenues	**—**	**(22,989,890)**	**(2,872,236)**	**(4,891,235)**	**8,434,046**	**(22,319,315)**	**—**	**(24,439,915)**	**(2,865,839)**	**(5,081,660)**	**9,284,922**	**(23,102,492)**
Third-party cost of revenues	—	(15,746,144)	(2,841,980)	(3,731,191)	—	(22,319,315)	—	(16,776,185)	(2,827,757)	(3,498,550)	—	(23,102,492)
Inter-Group cost of revenues	—	(7,243,746)	(30,256)	(1,160,044)	8,434,046	—	—	(7,663,730)	(38,082)	(1,583,110)	9,284,922	—
Share of income of variable interest entities and their subsidiaries	329,881	—	—	—	(329,881)	—	880,832	—	—	—	(880,832)	—
Net (loss)/income	(136,212)	334,414	1,923,683	(2,217,799)	(21,862)	(117,776)	1,925,469	824,015	2,267,546	(776,119)	(2,288,357)	1,952,554

	For the year ended December 31, 2024					
	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals
	RMB	RMB	RMB	RMB	RMB	RMB
			(in thousands)			
Total revenues	**—**	**27,576,488**	**5,878,288**	**5,961,174**	**(10,190,712)**	**29,225,238**
Third-party revenues	—	27,218,410	5,818	2,001,010	—	29,225,238
Inter-Group revenues	—	358,078	5,872,470	3,960,164	(10,190,712)	—
Cost of revenues	—	**(22,834,288)**	**(3,778,591)**	**(4,808,115)**	**9,467,412**	**(21,953,582)**
Third-party cost of revenues	—	(14,847,818)	(3,738,773)	(3,366,991)	—	(21,953,582)
Inter-Group cost of revenues	—	(7,986,470)	(39,818)	(1,441,124)	9,467,412	—
Share of income of variable interest entities and their subsidiaries	482,800	—	—	—	(482,800)	—
Net income/(loss)	764,059	492,482	1,133,373	(161,402)	(1,437,923)	790,589

Selected Condensed Consolidating Balance Sheets Information

	As of December 31,											
	2023						2024					
	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
ASSETS												
Current assets:												
Cash and cash equivalents	401,002	2,832,913	606,915	593,695	—	4,434,525	887,386	803,720	1,239,956	598,617	—	3,529,679
Short-term investments	—	333,191	608,547	—	—	941,738	—	738,561	203,049	—	—	941,610
Accounts receivable, net	—	2,061,497	798	106,747	—	2,169,042	—	2,117,491	3,189	70,498	—	2,191,178
Licensed copyrights, net	—	361,225	108,181	113,115	—	582,521	—	193,365	112,455	82,898	—	388,718
Prepayments and other assets	4,725	2,603,639	55,701	1,843,338	—	4,507,403	2,543	2,138,706	34,917	299,885	—	2,476,051
Total current assets	**405,727**	**8,192,465**	**1,380,142**	**2,656,895**	**—**	**12,635,229**	**889,929**	**5,991,843**	**1,593,566**	**1,051,898**	**—**	**9,527,236**
Non-current assets:												
Fixed assets, net	—	600,586	228,678	34,549	—	863,813	—	607,502	150,191	120,289	—	877,982
Long-term investments	—	1,712,915	—	547,870	—	2,260,785	—	1,577,992	—	530,485	—	2,108,477
Investment in subsidiaries and contractual interests in VIEs	—	—	—	35,486	(35,486)	—	—	—	—	36,497	(36,497)	—
Licensed copyrights, net	—	1,951,329	2,758,685	2,256,494	—	6,966,508	—	1,656,880	3,141,940	2,131,233	—	6,930,053
Produced content, net	—	12,349,284	487,767	539,934	—	13,376,985	—	13,418,428	810,581	478,860	—	14,707,869
Operating lease assets	—	545,894	1,400	136,603	—	683,897	—	486,719	795	122,318	—	609,832
Goodwill	—	2,345,466	1,475,357	—	—	3,820,823	—	2,345,466	1,475,357	—	—	3,820,823
Others	—	745,107	334,591	2,906,636	—	3,986,334	—	1,156,455	992,676	5,029,122	—	7,178,253
Total non-current assets	**—**	**20,250,581**	**5,286,478**	**6,457,572**	**(35,486)**	**31,959,145**	**—**	**21,249,442**	**6,571,540**	**8,448,804**	**(36,497)**	**36,233,289**
Amounts due from the entities within our company[(1)]	**22,653,118**	**—**	**1,118,471**	**—**	**(23,771,589)**	**—**	**21,082,424**	**—**	**2,938,540**	**—**	**(24,020,964)**	**—**
Total assets	**23,058,845**	**28,443,046**	**7,785,091**	**9,114,467**	**(23,807,075)**	**44,594,374**	**21,972,353**	**27,241,285**	**11,103,646**	**9,500,702**	**(24,057,461)**	**45,760,525**
LIABILITIES												
Third-party liabilities												
Current liabilities:												
Accounts and notes payable	—	3,197,634	1,110,027	1,363,413	—	5,671,074	—	3,422,348	2,059,613	1,000,248	—	6,482,209
Customer advances and deferred revenue	—	4,234,384	2,848	135,976	—	4,373,208	—	4,212,168	681	190,837	—	4,403,686
Short-term loans	—	2,292,845	460,267	818,525	—	3,571,637	—	1,433,031	1,671,149	682,721	—	3,786,901
Convertible senior notes, current portion	2,802,442	—	—	—	—	2,802,442	242,460	—	—	—	—	242,460
Long-term loans, current portion	—	—	—	—	—	—	—	63,997	97,990	6,000	—	167,987
Operating lease liabilities, current portion	—	83,575	666	16,642	—	100,883	—	78,079	557	18,039	—	96,675
Accrued expenses and other liabilities	25,891	2,641,951	2,296,146	858,302	—	5,822,290	13,897	3,226,119	2,379,155	678,244	—	6,297,415
Total current liabilities	**2,828,333**	**12,450,389**	**3,869,954**	**3,192,858**	**—**	**22,341,534**	**256,357**	**12,435,742**	**6,209,145**	**2,576,089**	**—**	**21,477,333**
Non-current liabilities:											—	
Long-term loans	—	—	97,990	—	—	97,990	—	935,455	—	101,380	—	1,036,835
Convertible senior notes	8,143,994	—	—	—	—	8,143,994	8,350,570	—	—	—	—	8,350,570
Operating lease liabilities	—	485,139	533	38,075	—	523,747	—	433,549	—	28,425	—	461,974
Other non-current liabilities	—	1,037,634	251,357	13,203	—	1,302,194	—	980,001	64,883	15,165	—	1,060,049
Total non-current liabilities	**8,143,994**	**1,522,773**	**349,880**	**51,278**	**—**	**10,067,925**	**8,350,570**	**2,349,005**	**64,883**	**144,970**	**—**	**10,909,428**
Amounts due to the entities within our company[(1)]	**—**	**21,712,172**	**—**	**14,197,364**	**(35,909,536)**	**—**	**—**	**19,093,453**	**—**	**15,329,046**	**(34,422,499)**	**—**
Total liabilities	**10,972,327**	**35,685,334**	**4,219,834**	**17,441,500**	**(35,909,536)**	**32,409,459**	**8,606,927**	**33,878,200**	**6,274,028**	**18,050,105**	**(34,422,499)**	**32,386,761**
Shareholders' equity/(deficit):												
Noncontrolling interests	—	63,497	—	34,900	—	98,397	—	(21,519)	—	29,857	—	8,338
Total iQIYI shareholders' equity/(deficit)[(2)]	**12,086,518**	**(7,305,785)**	**3,565,257**	**(8,361,933)**	**12,102,461**	**12,086,518**	**13,365,426**	**(6,615,396)**	**4,829,618**	**(8,579,260)**	**10,365,038**	**13,365,426**
Total equity/(deficit)	**12,086,518**	**(7,242,288)**	**3,565,257**	**(8,327,033)**	**12,102,461**	**12,184,915**	**13,365,426**	**(6,636,915)**	**4,829,618**	**(8,549,403)**	**10,365,038**	**13,373,764**
Total liabilities and equity/(deficit)	**23,058,845**	**28,443,046**	**7,785,091**	**9,114,467**	**(23,807,075)**	**44,594,374**	**21,972,353**	**27,241,285**	**11,103,646**	**9,500,702**	**(24,057,461)**	**45,760,525**

Selected Condensed Consolidating Cash Flows Information

	For the year ended December 31,																
	2022			2023								2024					
	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals	iQIYI, Inc.	Variable interest entities and their subsidiaries	WFOEs	Subsidiaries (other than the WFOEs)	Eliminating adjustments	Consolidated totals
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)																	
Net cash (used for)/ provided by operating activities	(157,273)	275,422	(568,800)	380,082	—	(70,569)	(370,682)	831,956	1,139,307	1,751,019	—	3,351,600	(35,985)	(2,024,567)	6,430,650	(2,073,826)	(186,215)	2,110,057
Net cash (used for) /provided by investing activities[3]	(2,462,807)	547,231	178,562	217,612	1,785,382	265,980	238,001	251,794	(311,464)	(1,679,845)	(238,001)	(1,739,515)	3,384,507	(466,579)	316,790	(2,395,081)	(3,284,507)	(2,444,870)
Net cash provided by /(used for) financing activities[3]	5,307,603	79,733	385,439	481,470	(1,785,382)	4,468,863	(3,859,442)	(141,212)	(277,881)	(244,538)	238,001	(4,285,072)	(2,873,166)	461,953	(6,114,399)	3,684,769	3,470,722	(1,370,121)

Notes:

(1) Represents the elimination of intercompany balances among iQIYI, Inc., WFOEs, our subsidiaries other than WFOEs, and the variable interest entities and their subsidiaries. The short-term loans and long-term loans provided to the variable interest entities and their subsidiaries were RMB7,000.0 million and RMB1,419.4 million, respectively, as of December 31, 2023, and RMB8,459.9 million (US$1,159.0 million) and nil, respectively, as of December 31, 2024.

(2) The loans provided to the nominee shareholders were RMB177.0 million and RMB277.0 million (US$37.9 million) as of December 31, 2023 and 2024, respectively, which will mature since 2027. The loans provided to the nominee shareholders were to fund the capitalization of the VIEs for which the Company does not intend to seek repayment. The term of all such loans provided to the nominee shareholders has historically been extended prior to their respective original maturity dates, and we will continue to extend the term of all outstanding loans before they become due.

(3) For the years ended December 31, 2022, 2023 and 2024, the variable interest entities did not receive any loans from or repay any loans to iQIYI, Inc. For the years ended December 31, 2022, 2023 and 2024, no assets other than cash were transferred between iQIYI, Inc. and variable interest entities or their subsidiaries. For the years ended December 31, 2022, 2023 and 2024, subsidiaries provided capital contributions of nil, nil and RMB100.0 million (US$13.7 million) to the variable interest entities. For the years ended December 31, 2022, 2023 and 2024, no assets other than the above cash transactions were transferred between subsidiaries and the variable interest entities.

A. [RESERVED]

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Summary of Risk Factors

An investment in our ADSs or Class A ordinary shares involves significant risks. Below is a summary of material risks we face, organized under headings. The operational risks associated with being based in and having operations in mainland China also apply to operations in Hong Kong. The legal risks associated with being based in and having operations in mainland China are expected to apply to mainland China entities and businesses, rather than entities or businesses in Hong Kong which operate under a different set of laws from mainland China. These risks are discussed more fully in "Item 3. Key Information—D. Risk Factors."

Risks Related to Our Business and Industry

- We had historically incurred net losses, and may incur losses again in the future.
- If we fail to anticipate user preferences and provide high-quality content, especially popular original content, in a cost-effective manner, we may not be able to attract and retain users to remain competitive.
- If we fail to procure content from content providers upon terms acceptable to us, our business may be materially and adversely affected.
- If our efforts to retain members and attract new members are not successful, our business and results of operations will be materially and adversely affected.
- If we fail to retain existing or attract new advertising customers to advertise on our platform, or fail to maintain and increase their wallet share of advertising budget or if we are unable to collect accounts receivable in a timely manner, our financial condition and results of operations may be materially and adversely affected.
- Our business is subject to complex and evolving Chinese and international laws and regulations regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in claims, changes to our business practices, negative publicity, legal proceedings, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.
- We operate in a capital intensive industry and require a significant amount of cash to fund our operations, content acquisitions and technology investments. If we cannot obtain sufficient capital, our business, financial condition and prospects may be materially and adversely affected;
- We have substantial indebtedness and we may continue to incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations on a timely manner. Deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and continue our operations.
- We have significant working capital requirements and have in the past experienced working capital deficits. If we experience such working capital deficits in the future, our business, liquidity, financial condition and results of operations may be materially and adversely affected.
- We may not have the ability to raise the funds necessary to settle redemption of our existing notes, or to repurchase such notes upon a fundamental change or on certain specific dates, and our future debt may contain limitations on our ability to pay cash upon conversion or to repurchase the notes.

Risks Related to Our Corporate Structure

- We are a Cayman Islands holding company with no equity ownership in the variable interest entities and we conduct our operations in mainland China through (i) our mainland China subsidiaries, which primarily include Beijing QIYI Century and Beijing iQIYI Interactive Technology Co., Ltd. and (ii) the variable interest entities with which we have maintained contractual arrangements, namely Beijing iQIYI, Shanghai iQIYI, Shanghai Zhong Yuan, iQIYI Pictures, Intelligent Entertainment and iQIYI Yinhua, and their subsidiaries. Investors in our Class A ordinary shares or the ADSs thus are not purchasing equity interest in the variable interest entities in mainland China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company in the Cayman Islands, the variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the variable interest entities and, consequently, significantly affect the financial performance of the variable interest entities and our company as a group. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" on page 44.
- We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control" on page 46.
- Any failure by the variable interest entities or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the variable interest entities or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business" on page 46.

Risks Related to Our Relationship with Baidu

- We have limited experience operating as a stand-alone public company.
- We may have conflicts of interest with Baidu and, because of Baidu's controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.
- Our agreements with Baidu may be less favorable to us than similar agreements negotiated with unaffiliated third parties. In particular, our master business cooperation agreement with Baidu limits the scope of business that we are allowed to conduct.

Risks Related to Doing Business in Mainland China

- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections" and "—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of our ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment" on page 48.
- The filings, approval or other administration requirements of the CSRC or other PRC government authorities may be required for any future securities offerings and listings outside of mainland China. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing" on page 49.

- Our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic, social conditions and government policies in mainland China generally. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—Changes in mainland China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations" on page 50.
- Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us. Substantially all of our operations are located in mainland China. There is no assurance that the PRC government will not intervene in or impose restrictions on the ability of iQIYI, Inc., its subsidiaries, and the variable interest entities to transfer cash or assets. To the extent cash or assets in the business is in mainland China or an entity in mainland China, the funds or assets may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on the ability of iQIYI, Inc., its subsidiaries, or the variable interest entities by the PRC government to transfer cash or assets. As of the date of this annual report, there is not equivalent or similar restriction or limitation in Hong Kong on cash or assets transfers in, or out of, our Hong Kong entities. However, if certain restrictions or limitations were to become applicable to cash or assets transfers in and out of Hong Kong entities in the future, the funds or assets in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us" on page 50.
- Due to the nature of our industry, the PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could result in a material adverse change in our operations and the value of our ADSs, or significantly limit or completely hinder our ability to offer or continue to offer securities to investors, and cause the value of such securities to significantly decline or become worthless. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs" on page 50.
- Our mainland China subsidiaries and the variable interest entities are subject to certain restrictions with respect to paying dividends or make distributions to shareholders of our securities, or otherwise transferring any of their net assets to us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—We may rely on dividends and other distributions on equity paid by our mainland China subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business" on page 51.
- Any funds we transfer to our mainland China subsidiaries are subject to approval by or registration or filing with governmental authorities in mainland China. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—We are subject to PRC laws and regulations governing loans to and direct investment in mainland China entities by offshore holding companies and currency conversion, which may delay or prevent us to make loans to or make additional capital contributions to our mainland China subsidiaries and the variable interest entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business" on page 52.

Risks Related to Our ADSs

- The trading price of our ADSs has been and is likely to continue to be volatile regardless of our operating performance.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.
- Techniques employed by short sellers may drive down the market price of our ADSs.

Risks Related to Our Business and Industry

We had historically incurred net losses, and may incur losses again in the future.

We incurred net losses from our inception until 2022, before recording a net income of RMB1,952.6 million in 2023 and RMB790.6 million (US$108.3 million) in 2024. Our ability to achieve profitability is affected by various factors, many of which are beyond our control. In addition, our users' willingness to pay and subscribe to our content depends on the quality and breadth of our content offerings and availability of alternative entertainment content offerings. Producing high-quality, popular original content is costly and time-consuming and it will typically take a long period of time to realize returns on investment, if at all. As a result, we may not be able to recover our content costs or achieve a satisfactory return on investment, and our business and results of operations may be negatively affected. The market prices for professionally produced content, especially popular TV series and movies, have increased significantly in mainland China during the past few years. The production and procurement of content have historically accounted for

the majority of our cost of revenues. In 2022, 2023 and 2024, we incurred RMB22.3 billion, RMB23.1 billion and RMB22.0 billion (US$3.0 billion) in cost of revenues, respectively. Our cost of revenues may increase in the foreseeable future as we are committed to enhancing and diversifying our content offerings and to supporting our overseas expansion. If we cannot successfully realize satisfactory returns on our content investment and generate sufficient revenues, our financial condition and results of operations may be materially and adversely affected. We may again incur net losses in the future as a result of our continued investments in content and technology. We may also incur net losses in the future due to changes in the macroeconomic and regulatory environment, competitive dynamics and in the event of our inability to respond to these changes in a timely and effective manner.

If we fail to anticipate user preferences and provide high-quality content, especially popular original content, in a cost-effective manner, we may not be able to attract and retain users to remain competitive.

Our success depends on our ability to engage users on our platform. The quality and breadth of our content offerings may not always meet our expectations. To attract and retain users and compete against our competitors, we need to continue to produce new original content and source new professionally produced or other video content in a cost-effective manner. Given that we operate in a rapidly evolving industry, we need to anticipate user preferences and industry changes and respond to such changes in a timely and effective manner. If we are unable to offer popular original content that meets user tastes and preferences, we may suffer from reduced user traffic, and our business, financial condition and results of operations may be materially and adversely affected.

We rely on our in-house team to generate creative ideas for original content and to supervise the original content origination and production process, and we intend to continue to invest resources in content production. We face fierce competition for qualified personnel in a limited pool of high-quality creative talent. Our competitors include well-capitalized companies that are capable of offering compensation packages more attractive to talents. If we are not able to compete effectively for talents or attract and retain top talents at reasonable costs, our original content production capabilities would be negatively impacted. Any deterioration in our in-house content production capability, inability to attract creative talents at reasonable costs or losses in personnel may materially and adversely affect our business and operating results. In addition, various phases of our original content production are outsourced to our content production partners. If they fail to generate quality content satisfactory to our demands or provide services upon terms commercially acceptable to us, we may be unable to provide high-quality original content offerings to our users.

If we fail to procure content from content providers upon terms acceptable to us, our business may be materially and adversely affected.

Our ability to provide our users with high-quality, popular content depends in part on our ability to procure content from studios and other content providers, as well as distributors and other licensors of content. We typically enter into license and sub-license agreements with third-party content providers and other IP holders on various terms and conditions. If content providers and other rights holders are no longer willing or able to license content to us upon terms acceptable to us, or, in the case where we obtained the right to distribute content through sub-license agreements, the licensors lose their right to sub-license such content to us, our ability to offer content to our users will be adversely affected and we may have to incur additional costs. For content sub-licensed and currently being showcased on our platform, we may be forced to remove such content as a result of our licensor's disputes with the original content provider, which may result in loss of user traffic and revenues. If we fail to remove such content in a timely manner, we may become the subject of adverse legal actions from the original content provider. As competition intensifies, we may see the cost of licensed content increase. As we seek to differentiate our service, we are increasingly focused on securing a broader range of rights other than merely distribution and online streaming rights. We also acquire other forms of copyright such as rights to adapt the original content into online games, films, drama series, animation and other entertainment formats. We focus on offering an overall mix of content that appeals to our users in a cost-efficient manner. If we do not maintain a compelling mix of content, our user acquisition and retention may be adversely affected.

If our efforts to retain members and attract new members are not successful, our business and results of operations will be materially and adversely affected.

Our ability to continue to retain members and attract new members will depend in part on our ability to consistently provide our members with compelling content choices, user experience, and a quality experience for selecting and viewing video content. Furthermore, the relative service levels, content offerings, pricing and related features of competitors may adversely impact our ability to attract and retain members. If we introduce new or adjust existing features, adjust pricing or service offerings, or change the mix of content in a manner that is not favorably received by our members, we may not be able to attract and retain members. Many of our members originate from organic growth. If our efforts to satisfy our existing members are not successful, we may not be able to attract new members, and as a result, our ability to maintain and grow our membership revenues will be adversely affected. Members may cancel or decide not to renew our service for many reasons, including a perception that they do not use the service sufficiently, dissatisfaction with payment options, the need to cut household expenses, dissatisfaction with the content that is available on our platform, a perception that competitive services provide a better value or experience, and customer service issues that are not

satisfactorily resolved. In addition, we use various marketing and sales strategies to enroll members, including but not limited to discounts and bundled sales, we may not be able to retain those members if our promotion strategy fails or discontinue. We are also exploring various opportunities and marketing strategies to better monetize our membership base, including leveraging our innovative value-added services, such as Express Packages that enable subscribers to redeem their membership points for early access to finale episodes of hit drama series, organizing offline events, and offering merchandise benefits. Such initiatives may not be well received by our members and may have a negative impact on our reputation and results of operations. Further, if an excessive number of members cancel or opt not to renew our service, we may be required to incur significantly higher marketing expenditures to attract new members than we currently anticipate. Further, content production is heavily regulated in mainland China. If the regulatory or administrative authorities impose new requirements relating to, among other things, content supervision and approval, we may not be able to offer a variety of content offerings in time, or at all, and we cannot assure you that we will continue to maintain our membership base in the future.

If we fail to retain existing or attract new advertising customers to advertise on our platform, or fail to maintain and increase our wallet share of their advertising budget or if we are unable to collect accounts receivable in a timely manner, our financial condition and results of operations may be materially and adversely affected.

We generate a substantial part of our revenues from online advertising. If our advertising customers find that they can generate better returns elsewhere, or if our competitors provide better online advertising services to suit our advertising customers' goals, we may lose our advertising customers. In addition, third parties may develop and use technologies to block the display of our advertising customers' advertisements on our platform, enabling our members to skip viewing them, which may in turn cause us to lose advertising customers and adversely affect our results of operations. If our advertising customers determine that their marketing expenditures on internet video streaming platforms do not generate expected returns, they may allocate a portion or all of their advertising budgets to other advertising channels such as television, newspapers and magazines or other internet channels such as search engines, news aggregation platforms, short-form video platforms, e-commerce platforms and social media platforms, and reduce or discontinue business with us. Since most of our advertising customers are not bound by long-term contracts, they may lessen or discontinue advertising arrangements with us easily without incurring material liabilities. Failure to retain existing advertising customers, or maintain their level of budget allocated to us, or attract new advertising customers to our platform may materially and adversely affect our financial conditions and results of operations. Our online advertising revenue has fluctuated significantly, with a decrease of 24.6% in 2022, an increase of 16.7% in 2023, and a subsequent decrease of 8.2% in 2024. The decline in our online advertising revenue in 2022 primarily resulted from tightened advertising budget of advertisers, intensified competition in the advertising industry, as well as heightened regulatory scrutiny in mainland China. The growth in our online advertising revenue in 2023 was primarily driven by our newly introduced performance-based advertising offering. The decline in our online advertising revenue in 2024 was primarily due to the decrease in the brand advertising business, partially offset by the growth of performance-based advertising business. Our relatively brief history in this offering introduces uncertainties. The dynamic nature of the digital advertising sector, alongside the possibility of changing advertiser demands or regulatory adjustments impacting performance advertising, could affect our growth potential in the performance-based advertising offering. We cannot assure you that our online advertising business will not experience growth deceleration or witness declines again in the future.

Our brand advertising customers typically enter into online advertising agreements with us through various third-party advertising agencies. In mainland China's advertising industry, advertising agencies typically have good relationships and maintain long periods of cooperation with the brand advertising customers they represent. Therefore, even if we have direct contact with advertising customers, we typically enter into advertising contracts with third-party advertising agencies that represent advertising customers. As a result, we rely on third-party advertising agencies for sales to, and collection of payment from, our brand advertisers. In consideration for the third-party advertising agencies' services, we offer them rebates based on the volume of business they bring to us. The financial soundness of our advertising customers and advertising agencies may affect our collection of accounts receivable. We make a credit assessment of our advertising customers and their advertising agencies to evaluate the collectability of the advertising service fees before entering into an advertising contract. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each advertising customer or advertising agency, and any inability of advertising customers or advertising agencies to pay us in a timely manner may adversely affect our liquidity and cash flows. In addition, there has been some consolidation among mainland China's advertising agencies. If this trend continues, a small number of large advertising agencies may have stronger bargaining power to demand higher rebate for advertising agency services, which could reduce our online advertising revenue.

In addition, we do not have long-term cooperation agreements or exclusive arrangements with third-party advertising agencies and they may elect to direct business opportunities to other advertising service providers, including our competitors. If we fail to retain and enhance the business relationships with third-party advertising agencies, we may suffer from a loss of advertising customers and our financial condition and results of operations may be materially and adversely affected.

Our business is subject to complex and evolving Chinese and international laws and regulations regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain

interpretation, and any failure or perceived failure to comply with these laws and regulations could result in claims, changes to our business practices, negative publicity, legal proceedings, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

We are subject to complex and evolving statutory and regulatory requirements relating to cybersecurity, information security, privacy and data protection. Regulatory authorities in mainland China have enhanced data protection and cybersecurity regulatory requirements. These laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

The PRC Cybersecurity Law, which took effect in June 2017, created China's first national-level data protection framework for "network operators." It requires, among other things, that network operators take security measures to protect the network from unauthorized interference, damage and unauthorized access and prevent data from being divulged, stolen or tampered with. Network operators are also required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. Significant capital, managerial and human resources are required to comply with legal requirements, enhance information security and address any issues caused by security failures. In addition, numerous regulations, guidelines and other measures have been and are expected to be adopted under the PRC Cybersecurity Law. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Internet Information Security, Censorship and Privacy Protection" for details. These laws and regulations are subject to change and interpretation, posing challenges for compliance.

The Regulations on Security Protection of Critical Information Infrastructure, effective September 1, 2021, define critical information infrastructure and its operators that must adhere to specific security requirements. The Measures for Cybersecurity Review, promulgated in April 2020 and revised in February 2022, provide that critical information infrastructure operators are required to pass a cybersecurity review when purchasing network products and services that do or may affect national security. The Regulations on the Administration of Cyber Data Security, issued by the CAC and effective as of January 1, 2025, impose additional cybersecurity review requirements for data processors, especially those involving national security concerns. However, as such laws, regulations and rules are relatively new, their interpretation and implementation shall be determined in accordance with the laws and regulations in force at the time, and the governmental authorities may further formulate detailed rules or explanations with respect to the interpretation and implementation of this regulation. Therefore, it is uncertain whether we would be deemed as a critical information infrastructure operator under PRC law. It also remains uncertain whether the future regulatory changes would impose additional restrictions on companies like us. If we fail to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app, including mobile and smart TV apps, from app stores, among other sanctions, which could materially and adversely affect our business and results of operations.

The PRC Personal Information Protection Law, effective since November 2021, sets stringent rules for processing personal and sensitive information, which significantly affects our data handling practices. Some information we collect, such as location and mobile numbers, may be deemed to be sensitive personal information under the PRC Personal Information Protection Law. As the interpretation and implementation of the PRC Personal Information Protection Law shall be determined in accordance with the laws and regulations in force at the time, we cannot assure you that we will be able to comply with the PRC Personal Information Protection Law in all respects, or that regulatory authorities will not order us to rectify or terminate our current practice of collecting and processing sensitive personal information. We may also become subject to fines and other penalties under the PRC Personal Information Protection Law, which may have material adverse effect on our business, operations and financial condition.

As of the date of this annual report, we have not been involved in any investigations or become subject to a cybersecurity review initiated by the CAC, and we have not received any inquiry, notice, warning, sanctions in such respect or any regulatory objections to our listing status from the CAC. Based on the facts that, (i) the Measures for Cybersecurity Review and the Regulations on the Administration of Cyber Data Security were newly adopted, and the implementation and interpretation of both are subject to uncertainties, and (ii) we have not been involved in any investigations on cyber security review made by the CAC on such basis, nor have we received any inquiries, notices, warnings, or sanctions from any competent PRC regulatory authorities related to cybersecurity, data security and personal data protection, we believe, as of the date of this annual report, we are in compliance with the existing PRC laws and regulations on cybersecurity, data security and personal data protection issued by the CAC. However, as advised by our PRC counsel, as such laws, regulations and rules were still relatively new, their interpretation and implementation shall be determined in accordance with the laws and regulations in force at the time.

The PRC government authorities also further enhanced the supervision and regulation of cross-border data transmission. On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer, effective September 1, 2022. See "Item 4. Information on the Company —B. Business Overview—Regulations—Regulations on Internet Information Security, Censorship and Privacy Protection" for details.

In addition, internet information in mainland China is regulated from a national security standpoint. According to the PRC National Security Law, institutions and mechanisms for national security review and administration will be established to conduct national security review on key technologies and IT products and services that affect or may affect national security. The PRC Data Security Law took effect in September 2021 and provides for a security review procedure for the data activities that may affect national security. It also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. It is not clear under the Data Security Law what constitutes "important data" or "state critical data." If we are deemed to collect "important data" or "state critical data," we may need to adopt internal reforms in order to comply with the Data Security Law.

While we take measures to comply with applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of the measures undertaken and those implemented by our business partners. The activities of third parties such as our customers and business partners are beyond our control. If our business partners violate the PRC Cybersecurity Law and related laws and regulations, or fail to fully comply with the service agreements with us, or if any of our employees fails to comply with our internal control measures and misuses the information, we may be subject to penalties. As part of the efforts by the CAC, the Ministry of Industry and Information Technology, or the MIIT, and other regulators to enhance data protection, a wide number of apps and companies have been notified to enhance data privacy protection as of the date of this annual report, including certain iQIYI apps. Although we have updated the apps to comply with the requirements of the regulators to the best we can, we cannot guarantee you that we will not be subject to more similar rectification requests from the governmental authorities or that we will fully comply with all applicable rules and regulations at all times. Any failure or perceived failure to comply with all applicable data privacy and protection laws and regulations, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may prevent us from using or providing certain network products and services, result in fines and other penalties such as suspension of our related business, closure of our website, mobile apps and smart TV apps and suspension of new downloads of our apps, as well as subjecting us to negative publicity and legal proceedings or regulatory actions and discouraging current and potential users and customers from using our services, which could have a material adverse effect on our business and results of operations.

As we gradually expand into overseas markets, we may be subject to laws and regulations of other countries regarding cybersecurity, information security, privacy and data protection. We strive to comply with local laws and regulations in markets where we have operations. For example, the General Data Protection Regulation of the European Union imposes obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. The regulation also requires companies to submit personal data breach notifications to designated European privacy regulator in each country they have business operations, and includes significant penalties for non-compliance with the notification obligation as well as other requirements of the regulation. South Korea, Japan, Singapore, Thailand, Malaysia, Vietnam, Indonesia, and several other countries have passed, are considering, or have strengthened their cybersecurity and data protection laws, which regulate the obtaining, processing, handling, and transferring of personal data. These regulations have increased—and may continue to increase—the cost and complexity of delivering our services as we enter or expand our operations in these markets. In addition, wherever we operate, we could be subject to new laws or regulations or the interpretation and application of existing consumer and data protection laws or regulations. These new laws, regulations and interpretations are often uncertain and in flux and may be inconsistent with our practices. We cannot guarantee that we will be able to maintain compliance at all times, especially in light of the fact that laws and regulations on cybersecurity and data protection are evolving. Our launch of new products or services or other actions that we may take may also subject us to additional laws, regulations, or other government scrutiny. Complying with these new or additional laws, regulations and requirements could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

We operate in a capital intensive industry and require a significant amount of cash to fund our operations, content acquisitions and technology investments. If we cannot obtain sufficient capital, our business, financial condition and prospects may be materially and adversely affected.

The operation of an internet video streaming platform requires significant and continuous investment in content and technology. Producing high-quality original content is costly and time-consuming and it will typically take a long period of time to realize returns on investment, if at all. To date, we have financed our operations primarily with net cash generated from financing activities such as placements of shares, convertible senior notes, bank loans, and the proceeds from our initial public offering and follow-on offering of

our securities. In order to implement our growth strategies, we will incur additional capital in the future to cover, among other things, costs to produce and license content. We may need to obtain additional financing, including equity offerings or debt financing, to fund the operation and expansion of business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have substantial indebtedness and we may continue to incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations on a timely manner. Deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and continue our operations."

Our ability to obtain additional financing 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;
- macro-economic and other conditions in mainland China and elsewhere; and our relationship with Baidu.

As a public company with a growing business, we expect to increasingly rely on net cash provided by operating activities, financing through capital markets and commercial banks for our liquidity needs. If we fail to diversify our funding sources and obtain sufficient capital 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.

We have substantial indebtedness and we may continue to incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations on a timely manner. Deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and continue our operations.

We maintain a considerable level of indebtedness to finance our operations and business expansion. As of December 31, 2024, our total consolidated indebtedness, including short-term and long-term loans and net carrying amount of the existing notes, was RMB13,584.8 million (US$1,861.1 million).

As of December 31, 2024, our indebtedness primarily related to the following outstanding convertible senior notes:

(i) US$1.2 billion aggregate principal amount of convertible senior notes due 2025, or the 2025 Notes, that we issued in March 2019. The 2025 Notes bear interest at a rate of 2.00% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2019. The 2025 Notes will mature on April 1, 2025, unless repurchased, redeemed, or converted in accordance with their terms prior to maturity. In April 2023, we completed the repurchase right offer for the 2025 Notes, pursuant to which US$1,197.6 million aggregate principal amount of the 2025 Notes were validly surrendered and repurchased. As of December 31, 2024, US$2.4 million principal amount of the 2025 Notes remained outstanding.

(ii) US$900 million aggregate principal amount of convertible senior notes due 2026, or the 2026 Notes, that we issued in December 2020 and January 2021. The 2026 Notes bear interest at a rate of 4.00% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2021. The 2026 Notes will mature on December 15, 2026, unless repurchased, redeemed, or converted in accordance with their terms prior to maturity. In 2023, we entered into separate individually and privately negotiated agreements with certain holders of the 2026 Notes, pursuant to which we repurchased US$504.4 million principal amount of the 2026 Notes for cash. In August 2024, we completed the repurchase right offer for the 2026 Notes, pursuant to which US$395.5 million aggregate principal amount of the 2026 Notes were validly surrendered and repurchased. As of December 31, 2024, US$0.1 million principal amount of the 2026 Notes remained outstanding.

(iii) US$500 million convertible senior notes due January 2028 to PAGAC IV-1 (Cayman) Limited, PAG Pegasus Fund LP and/or their affiliates, collectively referred to as PAG in this annual report, that we issued in December 2022. In February 2023, we issued to PAG an additional US$50 million principal amount of the notes upon its exercise to subscribe for additional notes in full. As a result, the aggregate principal amount of convertible senior notes due January 2028 issued to PAG, which we refer to as the PAG Notes, reached US$550 million. The PAG Notes are secured by certain collateral arrangements. The PAG Notes bear an interest rate of 6% per annum and will mature on January 1, 2028. Holders of the PAG Notes may also have the right to require us to repurchase their notes in the event of certain fundamental changes or events of default. On the maturity date, we are obligated to pay a premium at 30% of the principal amount of the PAG Notes, in addition to repaying the principal amount itself. As of December 31, 2024, US$550.0 million principal amount of the PAG Notes remained outstanding.

(iv) US$600 million aggregate principal amount of convertible senior notes due 2028, or the 2028 Notes, that we issued in March 2023. The 2028 Notes bear interest at a rate of 6.50% per year, payable quarterly in arrears on March 15, June 15, September 15, and December 15 of each year, beginning on June 15, 2023. The 2028 Notes will mature on March 15, 2028, unless repurchased, redeemed, or converted in accordance with their terms prior to maturity. In 2023 and 2024, we entered into separate individually and privately negotiated agreements with certain holders of the 2028 Notes, pursuant to which we repurchased US$34.4 million principal amount in aggregate of the 2028 Notes for cash. As of December 31, 2024, US$565.6 million principal amount of the 2028 Notes remained outstanding.

After December 31, 2024, we issued US$350 million aggregate principal amount of convertible senior notes due 2030, or the 2030 Notes, in February 2025. The 2030 Notes bear interest at a rate of 4.625% per year, payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2025. The 2030 Notes will mature on March 15, 2030, unless repurchased, redeemed, or converted in accordance with their terms prior to maturity. Concurrently with and shortly after the offering of the 2030 Notes, we entered into separate individually and privately negotiated agreements with certain holders of our existing convertible senior notes to repurchase approximately US$300 million principal amount of such notes for cash. As a result, as of the date of this annual report, the outstanding principal amounts are US$2.4 million for the 2025 Notes, US$0.1 million for the 2026 Notes, US$522.5 million for the PAG Notes, and US$293.1 million for the 2028 Notes.

The 2025 Notes, 2026 Notes, 2028 Notes and 2030 Notes are senior, unsecured obligations of our company. Holders of the 2028 Notes may require us to repurchase all or part of their notes in cash on March 16, 2026, and holders of the 2030 Notes may require us to repurchase all or a portion of the 2030 Notes for cash on March 15, 2028. In addition, holders of any of the 2025 Notes, 2026 Notes, 2028 Notes and 2030 Notes may also demand repurchase in the event of certain fundamental changes, as defined in the indenture governing these notes.

As a result, we are subject to refinancing risks against such indebtedness. There can be no assurance that we would be able to repay and refinance the notes or other indebtedness in a timely manner on acceptable terms or at all. The agreements that govern certain of our outstanding indebtedness contain financial covenants that depend on the financial position and performance of our company and our subsidiaries, the variable interest entities and their subsidiaries, and certain agreements contain other covenants, including those relating to our solvency or listing status. If we fail to comply with these covenants, or there is an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately, which may further trigger early repayments of our other debts.

In addition, we may from time to time incur additional indebtedness and other liabilities in the future. Our current and future debt may also require us to dedicate a portion of our cash flow to service interest and principal payments and may limit our ability to engage in other transactions. Our ability to generate sufficient cash from our operations or find alternative funding sources to satisfy our outstanding and future debt obligations and other liabilities will depend upon our future operating and financial performance, economic conditions and other factors, many of which are beyond our control. There is no assurance that we will be able to generate sufficient cash flows or obtain additional funding to service our debt obligations. As of December 31, 2024, our total consolidated indebtedness, including short-term and long-term loans and net carrying amount of the existing notes, was RMB13,584.8 million (US$1,861.1 million), including US$2.4 million principal amount of the 2025 Notes, US$0.1 million principal amount of the 2026 Notes, US$550.0 million principal amount of the PAG Notes, and US$565.6 million principal amount of the 2028 Notes. As of the same date, the variable interest entities and their subsidiaries had RMB33,878.2 million (US$4,641.3 million) of total liabilities (including amounts due to us and our subsidiaries that are eliminated in our consolidated financial statements) to which the notes would have been structurally subordinated. Prior to 2022, our operating costs and expenses exceeded our total revenues. We have only been able to generate operating income since 2022, and we have only been able to generate positive operating cash flows since the second quarter of 2022. Any deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness. If we foresee we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as significantly reducing or delaying our investment in content and technologies, selling assets, restructuring or refinancing our indebtedness, and, in the event of defaults, our lenders and other creditors could, among other things, declare outstanding amounts due and payable and take actions to enforce us to repay our debts. We may have to renegotiate, repay or refinance these obligations, and may not have sufficient funds available to repay them. These may materially and adversely impact our liquidity, business, financial condition and results of operations.

We have significant working capital requirements and have in the past experienced working capital deficits. If we experience such working capital deficits in the future, our business, liquidity, financial condition and results of operations may be materially and adversely affected.

As a result of changes in our funding position and operating assets and liabilities, we had a working capital deficit (defined as total current assets deducted by total current liabilities) of RMB12.0 billion (US$1.6 billion) as of December 31, 2024.

Under the terms of our 2028 Notes, holders may require us to repurchase all or part of their notes in cash on March 16, 2026. Under the terms of our 2030 Notes, holders may require us to repurchase all or a portion of the 2030 Notes for cash on March 15, 2028. In addition, holders of the 2025 Notes, 2026 Notes, 2028 Notes and 2030 Notes may demand repurchase in the event of certain fundamental changes, as defined in the indenture governing these notes; and if an event of default occurs, the trustee or holders of at least 25% of the aggregate principal amount of these notes may declare the entire principal amount, along with any accrued and unpaid interest, to be immediately due and payable, subject to certain exceptions and conditions outlined in the indenture. Holders of the PAG Notes may also have the right to require us to repurchase their notes in the event of certain fundamental changes or events of default. These repurchase obligations under the terms of our notes or the occurrence of any fundamental changes or event of default, as the case may be, may impact our future working capital position. For actions that we plan to take in order to manage our working capital, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources." There can be no assurance, however, that we will be able to prudently manage our working capital, or raise additional equity or debt financing on terms that are acceptable to us. Our failure to properly manage our working capital as planned and when necessary could materially and adversely affect our liquidity, results of operations, financial condition and ability to operate.

We may not have the ability to raise the funds necessary to settle redemption of our existing notes, or to repurchase such notes upon a fundamental change or on certain specific dates, and our future debt may contain limitations on our ability to pay cash upon conversion or to repurchase the notes.

Our existing notes contain protections concerning the holders' rights to require us to repurchase their notes and to pay cash to settle redemption of their notes. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have significant working capital requirements and have in the past experienced working capital deficits. If we experience such working capital deficits in the future, our business, liquidity, financial condition and results of operations may be materially and adversely affected." We cannot assure you that we will be able to generate sufficient cash flow from our operations or secure additional financing to support the repayment of our existing notes when our payments become due. Furthermore, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of our existing notes surrendered therefor or our existing notes being converted. Our failure to repurchase notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or a fundamental change itself could also lead to a default under agreements or indentures governing any outstanding future indebtedness. If the repayment of our existing notes or any outstanding future indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments to the holders upon conversions of the notes.

We have been and may again be subject to legal proceedings, claims and investigations in the ordinary course of business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We are subject to various legal proceedings, claims and government investigations that have arisen in the ordinary course of business and have not yet been fully resolved. New legal proceedings, claims and investigations may arise in the future. The existence of litigation, claims, investigations and proceedings may harm our reputation, business and adversely affect the trading price of our ADSs.

Starting in April 2020, we and certain of our current and former officers and directors were named as defendants in several putative securities class actions filed in federal court, which were purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in our company's public disclosure documents. In May 2021, these actions were consolidated under the caption In re iQIYI, Inc. Securities Litigation, No. 1:20-CV-01830 (U.S. District Court for the Eastern District of New York). In June 2021, lead plaintiffs filed the operative amended complaint. In July 2021, defendants filed motion to dismiss the case. Briefing on the motion to dismiss was completed on September 29, 2021. However, in light of the common questions of law and fact at issue in this case and a related action under the caption In re Baidu Inc. Securities Litigation, 20-cv-03794 (U.S. District Court for the Eastern District of New York), the court terminated the motion to dismiss without prejudice and ordered motion-to-dismiss briefing for the two cases under a new coordinated briefing schedule. On September 30, 2024, the court granted defendants' motion to dismiss in its entirety with prejudice, and the matter is now closed.

In addition, we are subject to legal proceedings in the ordinary course of business. We have been involved in litigation based on allegations of infringement of third-party copyright, including information network dissemination rights, and other rights, due to the content available on our platform. We have been subject to lawsuits in mainland China for alleged unfair competition in connection with our platform. We may also face litigation or administrative actions for defamation, negligence, copyright and trademark infringement, or other purported injuries resulting from the content we provide or the nature of our services.

We were subject to a total of 1,241 lawsuits in mainland China for alleged copyright infringement between January 1, 2022 and December 31, 2024, in connection with our platform. Approximately 83.2% of the lawsuits filed from January 1, 2022 through December 31, 2024 in connection with the iQIYI platform were rejected by the PRC courts, withdrawn by the plaintiffs, or settled by the parties. As of December 31, 2024, a total of 103 lawsuits against us in connection with our platform were pending in mainland China, with the aggregate amount of damages sought under these pending cases being RMB223.9 million (US$30.7 million).

The outcome of legal proceedings and investigations is inherently uncertain. If one or more legal matters were resolved against us or an indemnified third-party in a reporting period for amounts in excess of management's expectations, our financial condition and operating results for that reporting period could be materially adversely affected. Further, such an outcome could result in significant compensatory, punitive or trebled monetary damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief against us that could materially adversely affect our financial condition and operating results.

The success of our business depends on our ability to maintain and enhance our brand.

We believe that maintaining and enhancing our iQIYI brand is of significant importance to the success of our business. Our well-recognized brand is critical to increasing our user base and, in turn, expanding our membership base and attractiveness to advertising customers and content providers. Since the streaming entertainment industry is highly competitive, maintaining and enhancing our brand depends largely on our ability to remain the market leader in mainland China, which may be difficult and expensive. To the extent our content, in particular, our original content, is perceived as low quality or otherwise not appealing to users, our ability to maintain and enhance our brand may be adversely impacted.

In addition, some entities may use our brand without authorization to promote their products or services, which are ultimately beyond our direct control. If these products or services fail to meet user expectations, generate negative publicity, or encounter operational or legal issues, our brand reputation may be harmed.

Our overseas operations may not be successful and may be adversely affected by legal, regulatory, political and economic risks.

We began to expand our overseas business operations in late 2019. We have launched our multilingual iQIYI app, which currently supports approximately ten languages and can be downloaded globally from major app stores. We also cooperate with local partners to promote our app and expand our user base. Our overseas expansion may not be successful and may expose us to a number of risks inherent in doing business internationally, including:

- difficulties with staffing and managing foreign operations, which may be exacerbated as a result of distance, time zone, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures, who have a diverse range of preferences and demands;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- challenges in producing and acquiring content that is appealing to local population and catering to local cultural environment, and screening out content that may be inappropriate, offensive or unwelcoming in certain countries or regions;
- challenges in recruiting quality local content creators to attract and engage local users;
- challenges in effectively managing overseas operations from our headquarters or new regional headquarters and establishing overseas IT systems and infrastructure;
- competitions from other participants in the market, including leading international companies;
- challenges in selecting suitable geographical regions for overseas expansion;
- currency exchange rate fluctuations and foreign exchange control risks;
- exposure to changes in macroeconomic conditions in foreign jurisdictions;
- political or social unrest or economic instability;
- difficulties and costs relating to compliance with compliance with applicable foreign laws and regulations, as well as unexpected changes in such laws and regulations, which may include laws aimed at protecting youth online and emerging regulatory trends at heightened scrutiny of multi-jurisdictional video platforms;

- challenges in investing in countries and regions that restrict or may restrict foreign investment in the internet service provider, online video, entertainment, advertising or culture related industry, and unexpected changes in such restrictions;
- difficulties in and costs relating to the obtaining and keeping valid licenses, permits or other applicable governmental authorizations, content control from local authorities;
- complexity of intellectual property protection and enforcement regime overseas and the potential exposure of claims relating to intellectual property infringement;
- exposure to different tax jurisdictions that may subject us to greater fluctuations in our effective tax rate and potentially adverse tax consequences;
- exposure to different labor protection requirements and potential labor-related claims and disputes; and increased costs associated with doing business in foreign jurisdictions.

One or more of these factors could harm our overseas operations and consequently, could harm our overall business, financial condition and results of operations. In particular, we are subject to PRC law in addition to the laws of the foreign countries and regions in which we operate. If any of our overseas investments or operations violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results. In addition, the regulatory framework for online video content or other services we provide is still developing and remains uncertain in certain countries where we are exploring overseas operations. As we continue to expand our business overseas, we cannot assure you that we will be able to fully comply with the legal requirements of each foreign jurisdiction and successfully adapt our business model to local market conditions.

We may be the subject of detrimental conduct by third parties, including complaints to regulatory agencies and the public dissemination of malicious assessments of our business, which could have a negative impact on our reputation and cause us to lose market share, users, advertising customers and revenues, and adversely affect the price of our ADSs.

We have been, and in the future may be, the target of anti-competitive, harassing or other detrimental conduct by third parties. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, revenues, business relationships, business prospects and business ethics. Additionally, allegations and other negative publicity directly or indirectly concerning us may be posted online or otherwise generally disseminated by anyone, whether or not related to us. We may be subject to regulatory investigations, lawsuits or public perception backlash as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our reputation may also be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, users, advertising customers and revenues, and adversely affect the price of our ADSs.

Increases in market price of professionally produced content may have a material and adverse effect on our business, financial condition and results of operations.

Professionally produced content constitutes a significant part of our content offerings. The market prices for professionally produced content, especially TV series and movies, have increased significantly in mainland China during the past few years. Due to the improving monetization prospects, internet video streaming platforms are generating more revenues and are competing aggressively to license popular content titles, which have in turn led to increases in licensing fees of professionally produced content in general. As the market further grows, the expectations of copyright owners, distributors and industry participants may continue to rise, and as such they may demand higher licensing fees for professionally produced content. Furthermore, with the expansion of our content library, the costs for professionally produced content may continue to increase. If we are unable to generate sufficient revenues to outpace the increase in market prices for professionally produced content, we may incur more losses and our business, financial condition and results of operations may be adversely affected.

We operate in a highly competitive market and we may not be able to compete effectively.

We face competition for content sourcing, user traffic and advertising customers from other streaming entertainment platforms in mainland China, primarily including Tencent Video, Youku, Mango TV and Bilibili. We compete for users, usage time and advertising customers. In addition, we also face competition from other forms of entertainment content, including short videos and online games. Some of our competitors have a longer operating history and significantly greater financial resources than we do, and, in turn, may be able to attract and retain more users, usage time and advertising customers. Our competitors may compete with us in a variety of ways, including by obtaining IP rights to popular content, conducting brand promotions and other marketing activities, and making investments in and acquisitions of our business partners. In addition, certain internet video streaming platforms may continue to derive their revenues from providing content that infringes third-party copyright and may not monitor their platforms for any such infringing

content. As a result, we may be placed at a disadvantage to some of these companies that do not incur similar costs as we do with respect to content production, acquisition and moderation. If any of our competitors achieves greater market acceptance than we do or is able to offer more attractive internet video content, our user traffic and our market share may decrease, which may result in a loss of advertising customers and members, as well as have a material and adverse effect on our business, financial condition and results of operations.

We face competition from traditional media such as major TV stations, which also provide and may increase their internet and on-demand video offerings. Most large companies in mainland China allocate, and will likely continue to allocate, a significant portion of their advertising budgets to traditional media, particularly major TV stations. We also face increasing competition for users, user time and advertising budgets from other internet media and entertainment services, such as internet and social media platforms and short-form video platforms.

The continued and collaborative efforts of our senior management and key employees are crucial to our success, and our business may be harmed if we lose their services.

Our success depends on the continued and collaborative efforts of our senior management, especially our executive officers, including our founder, Dr. Yu Gong. If one or more of our executives or other key personnel are unable or unwilling to continue to provide services to us, we may not be able to find suitable replacements easily or at all. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel, or attract and retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, technological know-how, advertiser customers and other valuable resources. Each of our executive officers and key employees has entered into an employment agreement with us, which contains non-compete provisions. However, we cannot assure you that they will abide by the employment agreements or that our efforts to enforce these agreements will be effective enough to protect our interests.

Our limited operating history makes it difficult to evaluate our business and prospects.

We launched our platform and internet video streaming services in 2010. Due to our limited operating history, our historical growth rate may not be indicative of our future performance. We cannot assure you that our business will grow or continue to grow in the future. In addition, we may in the future introduce new services or significantly expand our existing services, including those that currently are of relatively small scale or with which we have little or no prior development or operating experience. If these new or enhanced services fail to engage users and customers, our business and operating results may suffer as a result. We cannot assure you that we will be able to recoup our investments in introducing these new services or enhancing existing smaller business lines, and we may experience significant loss and impairment of asset value due to such efforts. Furthermore, as a technology-based entertainment company, we frequently introduce innovative products and services to our users and advertising customers in order to capture new market opportunities. However, we cannot assure you that our products and services will be well received by our users and advertising customers. In addition, it is possible that our users and advertising customers may find our products and services objectionable. If our existing or new products and services are not well received by our users and customers, we may suffer damages to our brand image and may not be able to maintain or expand our user and customer base, which in turn may have a material and adverse effect on our business, financial condition and results of operations. You should consider our prospects in light of the risks and uncertainties fast-growing companies with limited operating histories in a fast-evolving industry may encounter.

We may not be able to manage our growth effectively or expand our offerings successfully.

To manage the further expansion of our business, products and offerings and the growth of our operations and personnel, we need to continually expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures, compliance and controls. In addition, our management will be required to maintain and expand our relationships with talents, content providers, distributors, advertising customers, advertising agencies and other third parties. We cannot assure you that our current infrastructure, systems, procedures and controls will be adequate to support our expanding operations. If we fail to manage our expansion effectively, our business, results of operations and prospects may be materially and adversely affected.

We have been constantly endeavoring to develop new products and offerings that provide other content, content formats or services such as short-form videos, live streaming, online literatures and comics. However, our expansion of new products and offerings may result in unseen risks, challenges and uncertainties. We may incur additional expenditure to support our expansion and it may strain our managerial, financial, operational and other resources. Any failure in managing expenditures and evaluating user demands for new products and offerings could materially and adversely affect our business, financial condition and results of operations.

In addition, as our business evolves, the metrics reflecting our performance and priorities may change. Accordingly, we have ceased or may continue to cease disclosing certain metrics, revise definitions, or introduce new ones to provide more relevant insights. While these changes aim to align our disclosures with business developments and overall performance, they may make it harder for investors to assess our performance. If investors perceive our disclosures as inconsistent or unclear, it could hinder their understanding of our business developments or overall performance and potentially increase volatility or lower our ADSs' trading price.

We cannot guarantee our monetization strategies will be successfully implemented or generate sustainable revenues and profit.

Our monetization model is evolving. We currently generate a substantial majority of our revenues from a combination of membership services and online advertising. We plan to strengthen revenue contribution from our other monetization methods, such as content distribution and IP franchising. We have no proven track record of or experience in generating substantial revenues from other monetization methods. If our strategic initiatives do not enhance our monetization ability or enable us to develop new approaches to monetization, or if we fail to retain and attract our sublicensing customers, or fail to develop and provide other entertainment formats as we expected, we may not be able to maintain or increase our revenues or recover any associated costs. In addition, we may in the future introduce new services to further diversify our revenue streams, including services with which we have little or no prior development or operating experience. If these new or enhanced services fail to engage users, customers or content partners, we may fail to attract or retain users or to generate sufficient revenues to justify our investments, and our business and operating results may suffer as a result.

Our business, prospects and financial results may be impacted by our relationship with third-party platforms.

In addition to our iQIYI platform, we also distribute video content through third-party platforms. We generate membership service revenue, licensing revenue and online advertising service revenue through revenue-sharing arrangements with third-party platforms. Our partnerships with third-party platforms, including licensed OTT operators and leading internet companies in mainland China, allow us to improve our business efficiency and generate greater value. However, there can be no assurance that our arrangements with those platforms will be extended or renewed after their respective expiration dates or that we will be able to extend or renew such arrangements on terms and conditions favorable to us. In addition, if any of such third-party platforms breaches its obligations under any of the agreements entered into with us or refuses to extend or renew it when the term expires, and we cannot find a suitable replacement on a timely basis, or at all, we may suffer significant loss to the user base and revenue streams we have developed therefrom, or lose the opportunity to expand our business through such platform. We may be involved with legal or other disputes with third-party platforms that may affect our relationship with such platforms or have an adverse effect on our business.

We face risks, such as unforeseen costs and potential liability in connection with content we produce, license or distribute through our platform.

As a producer, licensor and distributor of content, we face potential liability for negligence, copyright and trademark infringement, or other claims based on the content that we produce, license, provide or distribute. We also may face potential liability for content used in promoting our service, including marketing materials and features on our platform such as user reviews. We are responsible for the production costs and other expenses of our original content. We also take on risks associated with production, such as completion and key talent risk. To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on our platform, or if we become liable for content we produce, license or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability or unforeseen production risks could harm our results of operations. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims.

Videos and other content displayed on our platform may be found objectionable by PRC regulatory authorities and may subject us to penalties and other administrative actions.

We are subject to PRC regulations governing internet access and the distribution of videos and other forms of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. Furthermore, as an internet video streaming platform, we are not allowed to (i) produce or disseminate programs that distort, parody or vilify classic literary works; (ii) re-edit, re-dub or re-caption the subtitles of classic literary works, radio and television programs, and network-based original audio-video programs, (iii) intercept program segments and splice them into new programs; or (iv) disseminate edited pieces of works that distort the originals. We shall strictly supervise content we generate ourselves and the reprogramed videos uploaded by our users and shall not facilitate the dissemination of defective audio-video programs.

New laws and regulations may be adopted from time to time to prohibit or restrict internet platforms from distribution of certain types of videos and information. For example, on September 2, 2021, the National Radio and Television Administration (previously known as the State Administration of Press Publication, Radio, Film and Television) issued the Circular of the General Office of the National Radio and Television Administration on Further Strengthening the Management of Cultural Programs and Their Personnel, pursuant to which online audio-video platforms shall not broadcast idol training shows, as well as variety entertainment shows and reality shows participated by celebrities' children. In addition, as we have recently focused on strategically developing more mini- and short-dramas, we have become subject to additional laws and regulations governing this content and may face new legal and regulatory requirements in the future. Failure to comply with these requirements may result in monetary penalties, revocation of licenses to provide internet content or other licenses, suspension of the concerned programs or platforms, delay of content air time and reputational harm. In addition, these laws and regulations are subject to interpretation by the government authorities, which may change in a manner that could render our current content moderation efforts insufficient. As a result, it may not be possible to determine in all cases the types of content that could cause us to be held liable as an internet content provider. Furthermore, as we continue to diversify our content offerings, we are subject to increased uncertainties and extended period of time needed for the review of our content. For a detailed discussion, see "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Internet Content Providers," "—Regulations on Internet Audio-video Program Services" and "—Regulations on Internet Information Security, Censorship and Privacy Protection."

Internet platform operators may also be held liable for the content displayed on or linked to its platform that is subject to certain restrictions. In addition to professionally produced content, we allow our users to upload other video content, such as internet movies, internet drama series, interactive videos, vertical or horizontal videos, short-form videos, micro-videos, and video blogs, among others. Our business partners, on the other hand, can upload or display their video content, such as livestreaming content or sport content, on our platform. Although we have adopted internal procedures to monitor the content displayed on our platform, due to the significant amount of content uploaded, we may not be able to identify all videos or other content that may be illegal or otherwise objectionable. In addition, we may not be able to always keep these internal procedures abreast of changes in mainland China government's requirements for content display. See "Item 4. Information on the Company—B. Business Overview—Content Moderation" for more details relating to our content moderation procedures. Failure to identify and prevent illegal or inappropriate content from being displayed on our platform may subject us to liability, government sanctions or loss of licenses and permits.

To the extent that PRC regulatory authorities, such as the CAC, find any content displayed on our platform objectionable, they may require us to limit or eliminate the dissemination of such content on our platform in the form of take-down orders or otherwise. In the past, we have from time to time received oral and written notices from the PRC regulatory authorities requesting us to delete or restrict certain content that the government deemed inappropriate or sensitive. The National Radio and Television Administration publishes from time to time lists of content that is objectionable, and we monitor content uploaded on to our platform and remove those referenced in the list. In addition, regulatory authorities may impose penalties on us for content displayed on or linked to our platform in cases of material violations or lacking proper license, including a revocation of our operating licenses or a suspension or shutdown of our online operations. Although we have not been materially penalized for our content so far, in the event that the PRC regulatory authorities find the video and other content on our platform objectionable and impose penalties on us or take other actions against us in the future, our business, results of operations and reputation may be materially and adversely affected. Moreover, the costs of compliance with these regulations may continue to increase as a result of more content uploaded by our users.

Our business is significantly impacted by the reputation of artists featured in videos produced for our platform or presented on it.

Audience are drawn to videos we presented based on factors such as the artists reputation and popularity, the content themes and the overall production value of the videos. Any negative news about these artists, such as inappropriate conduct in their private life, scandals or criminal allegations, will pose a negative impact on the videos or TV series featuring these artists. Negative publicity of or media coverage about our artists or the content we provide will cause a negative impact on the image of the artists and ourselves, which could have a negative impact on our brand image in the online entertainment industry and our relationships with the agencies we work with. In addition, we may need to postpone the release of, reshoot, revise, edit or remove our content to reduce the negative impact caused by such artists, which will adversely affect our business, financial condition and results of operations.

Furthermore, the popularity and audience acceptance of artists featured in videos produced for our platform or provided on it cannot be predicted accurately, and we may not be able to timely respond to the changes in the market trends. There is no guarantee that we will be able to accommodate the audiences' preferences on the type of videos and the selection of artists catering to the changing market trends. The failure to achieve any of the foregoing or the sudden changes in the audiences' preferences will adversely affect our business, financial condition and results of operations.

We operate in a rapidly evolving industry that is subject to continuous technology developments. Adjusting our services in response to developments in the industry and technology and the resulting changes in users' demands and preferences could result in our incurrence of additional costs and expenses, and if we fail to keep up with such changes, our business, results of operations and prospects may be materially and adversely affected.

The streaming entertainment industry is rapidly evolving and subject to continuous technology developments. Our success depends on our ability to capture the trends in technology developments and offer services and products catering to the resulting changes in users' demands preferences. We have been innovating on our content formats and viewing features and enabling the availability of our content on more viewing terminals to serve users' evolving demands and preferences along with technological developments. We have expanded our content reach from personal computers and mobile devices to connected TV devices, capturing the evolution of users' preference from viewing videos on personal computers to mobile devices and from small screens to connected TV devices. Nonetheless, we cannot assure you that we will always be able to accurately predict or capture the trends in technology developments that could result in users' behavior changes and guide our operations accordingly. In addition, we may incur substantial, extra costs and capital expenditures as we develop and modify products, services, systems or infrastructure in response to changes in users' demands and preferences resulting from technology developments. For example, the expansion of our content reach from personal computers and mobile devices to connected TV devices resulted in increase in bandwidth costs and operating expenses historically. There could be further adaptations needed in the future as the industry and technology continue to evolve, which could impose additional challenges and result in rise in cost. While we have been improving bandwidth and operation efficiency through technology innovations, we cannot assure you that our technology innovations will always be developed fast enough to offset potential negative impacts on our operation efficiency associated with such adaptions.

In addition, as we leverage AI technology on video content creation, purchase, production, tagging, distribution, monetization and customer service, we face risks and challenges relating to AI-generated content. For example, the use of AI in our video content offerings could expose us to risks if the technology does not perform as anticipated, leading to inaccuracies in content curation, personalization or distribution. This could affect the quality of service we provide, potentially damaging our brand and reputation. AI-generated content may involve complex intellectual property issues. However, the laws and regulations in mainland China are still evolving and are subject to further interpretation and implementation. While we strive to comply with current legal standards, future regulatory changes could impose additional compliance burdens, and failure to adhere to these regulations may result in penalties. In addition, the ethical implications of AI in the context of video services, such as concerns over human rights, privacy, and the impact on employment, pose potential risks. Offering AI-driven features or content that provokes public or regulatory scrutiny over these issues could lead to reputational damage or legal liabilities. Furthermore, the automation of content selection and distribution could inadvertently propagate biased or inappropriate content, risking regulatory penalties, reputational damage, and potential loss of user trust. These risks are compounded by the rapid pace of AI technology evolution, making it challenging to consistently ensure content's compliance and appropriateness.

Further, as we make our services available across content terminals from personal computers and mobile devices operating on different systems to connected TV devices, we are dependent on the interoperability of our services with such terminals, whose systems and the functionality, compatibility and performance thereof, such as those of set up boxes operated by cable TV networks as well as Android and iOS mobile operating systems, are beyond our control. Any changes in the functions and features of such systems or devices that degrade the functionality of our services or give preferential treatment to our competitive services could adversely affect usage of our services. Meanwhile, if the number of platforms for which we develop our services increases, which is typically seen in a dynamic and fragmented market such as China, it will result in an increase in our costs and expenses.

If we fail to adapt our products and services to trends and changes in technology and to the resulting evolution of users' demands and preferences in an effective and timely manner, users' experience on our platform may deteriorate, our products and services may become less attractive and we may miss potential growth opportunities and suffer from decrease in user traffic and shrinkage in subscribing member base and number of advertising customers. If we cannot effectively address the cost and efficiency impediments associated with related service and operation adaptations and strategy adjustments, our ability to achieve profitability will be hindered. Each of these occurrences could materially and adversely affect our business, results of operations, financial conditions and prospects.

We have been, and may continue to be, subject to liabilities for infringement, misappropriation or other violation of third-party intellectual property rights or other allegations based on the content available on our platform or services we provide.

Our success depends, in large part, on our ability to operate our business without infringing, misappropriating or otherwise violating third-party rights, including third-party intellectual property rights. Companies in the internet, technology and media industries own, and are seeking to obtain, a large number of patents, copyrights, trademarks and trade secrets, and they are frequently involved in litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights or other related legal rights. There may be patents issued or pending that are held by others that cover significant aspects of our technologies, products, or services, and such third parties may attempt to enforce such rights against us. In addition, we may not have obtained

licenses for all content we offer and the scope, type and term of the licenses we obtained for certain content may not be broad enough to cover all fashions we currently employ or may employ in the future. In addition, if any purported licensor does not actually have sufficient authorization relating to the content or right to license a content to us, or if such purported licensor had lost its authorization to sub-license content that we are distributing on our platform, and do not timely inform us of such loss of authorization, we may be subject to claims of intellectual property infringement from third parties.

Although we have set up procedures to enable copyright owners to provide us with notice of alleged infringement, given the volume of content available on our platform, it is not possible, and we do not attempt to, identify and remove or disable all potentially infringing content that may exist. Similarly, although we have set up screening processes to try to filter out or disable access to content that we have previously been informed is subject to claims of copyright or other intellectual property protection, we do not attempt to filter out or disable access to all potentially infringing content available through our services. As a result, third parties may take action and file claims against us if they believe that certain content available on our platform violates their copyrights or other intellectual property rights. We have been, and may in the future be, subject to such claims filed in mainland China and other jurisdictions. We have been involved in litigation based on allegations of infringement of third-party copyright, including information network dissemination rights, and other rights, due to the content available on our platform.

Our platform allows users to search the internet for content that resides on certain third parties' servers and online platforms. While uncertainties still exist with respect to the legal standards as well as the judicial interpretation of such standards for determining liabilities for our providing links and access to content on third-party servers and websites that infringes others' copyrights and other intellectual property rights under PRC laws and the laws of other jurisdictions, third parties may take action and file claims against us if they believe that certain content we provide links or access to through our platform violates their copyrights or other intellectual property rights.

We cannot assure you that we will not be subject to copyright laws or legal proceedings initiated by third parties in other jurisdictions, such as the United States, as a result of the ability of users to access our videos and other content in the United States and other jurisdictions, the ownership of our ADSs by investors in the United States and other jurisdictions, the extraterritorial application of foreign law by foreign courts, the fact that we sub-licensed content from licensors who in turn obtained their authorizations from content providers in the United States and other jurisdictions or otherwise. In addition, as a publicly listed company, we may be exposed to increased risk of litigation. If a claim of infringement brought against us in the United States or other jurisdictions is successful, we may be required to, upon enforcement, (i) pay substantial statutory or other damages and fines, (ii) remove content from our platform or (iii) enter into royalty or license agreements which may not be available on commercially reasonable terms or at all.

Moreover, although U.S. copyright laws, including the Digital Millennium Copyright Act (17 U.S.C. § 512), or the DMCA, provide safeguards or "safe harbors" from claims in the U.S. for monetary relief for copyright infringement for certain entities that host user-uploaded content or provide information location tools that may link to infringing content, these safe harbors only apply to companies that comply with specified statutory requirements. While we seek to voluntarily comply with DMCA safe harbor requirements, we cannot ensure that we satisfy all of the requirements of any DMCA safe harbor. It is possible that we could be subject to claims of copyright infringement or other violation of intellectual property rights in the U.S. and be required to pay substantial damages or prevented from offering all or part of our services in the U.S.

We have been subject to lawsuits in mainland China for alleged unfair competition in connection with our platform. We may also face litigation or administrative actions for defamation, negligence, copyright and trademark infringement, or other purported injuries resulting from the content we provide or the nature of our services. Such litigation and administrative actions, with or without merits, may be expensive and time-consuming to defend and may result in significant diversion of resources and management attention from our business operations. Furthermore, such litigation or administrative actions may adversely affect our brand image and reputation.

In addition, we operate our platform primarily through the variable interest entities and their subsidiaries, and our ability to monitor content as described above depends in large part on the experience and skills of the management of, and our control over, those variable interest entities. Our control over the management and operations of the variable interest entities through contractual arrangements may not be as effective as that through direct ownership. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control."

We may not be able to adequately protect our intellectual property rights, and any failure to protect our intellectual property rights could adversely affect our revenues and competitive position.

We believe that trademarks, trade secrets, copyright, and other intellectual property we use are critical to our business. We rely on a combination of trademark, copyright and trade secret protection laws in mainland China and other jurisdictions, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our brand. Protection of intellectual

property rights in mainland China may not be as effective as in the United States or other jurisdictions, and as a result, we may not be able to adequately protect our intellectual property rights, which could adversely affect our revenues and competitive position. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our revenues and our reputation. In particular, our members may abuse their membership privilege and illegally distribute paid content exclusively available to paid members, which could have a material and adverse effect on our financial condition, results of operations and prospects. Further, we may have difficulty addressing the threats to our business associated with piracy of our copyrighted content, particularly our original content. Our content and streaming services may be potentially subject to unauthorized consumer copying and illegal digital dissemination without an economic return to us. We adopt a variety of measures to mitigate risks associated with piracy, including by litigation and through technology measures. We cannot assure that such measures will be effective.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. In addition, such agreements may not be self-executing such that the intellectual property subject to such agreements may not be assigned to us without additional assignments being executed, and we may fail to obtain such assignments. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us related to the ownership of such intellectual property.

Furthermore, policing unauthorized use of copyrights, proprietary technology and other intellectual properties is difficult and expensive, and we may need to resort to litigation to enforce or defend intellectual property or to determine the enforceability, scope and validity of our proprietary rights or those of others. Historically and up to the date hereof, we have commenced multiple actions, some of which are at their preliminary stages, to protect our copyrighted content from being streamed on other streaming entertainment platforms without authorization. Such litigations and an adverse determination in any such litigations could result in substantial costs and diversion of resources and management attention. While we obtained favorable rulings in some of these cases, we cannot guarantee success in others or any future ones, neither can we assure you that we are able to recover our loss resulting from the infringements or the cost incurred in enforcing our rights.

If our security measures are breached, or if our products and services are subject to attacks that degrade or deny the ability of users to access our products and services, our products and services may be perceived as insecure, users and advertising customers may curtail or stop using our products and services and our business and operating results may be harmed.

Our products and services involve the storage and transmission of users' and advertising customers' information, particularly billing data, as well as original content, and security breaches expose us to a risk of loss of this information, loss of users, litigation and potential liability. We experience cyber-attacks of varying degrees on a regular basis, including hacking into our user accounts and redirecting our user traffic to other internet platforms, and we have been able to rectify attacks without significant impact to our operations in the past. Functions that facilitate interactivity with other internet platforms could increase the scope of access of hackers to user accounts. We take measures to protect against unauthorized intrusion into our users' data. Nevertheless, our payment processing services or other third-party services we use could experience an unauthorized intrusion into our users' data. In the event of such a breach, current and potential users may become unwilling to provide to us the information that is necessary for them to use our services or become our members. Additionally, we could face legal claims or regulatory fines or penalties for such a breach. The costs relating to any data breach could be material, and we currently do not carry insurance against the risk of a data breach. For these reasons, should an unauthorized intrusion into our users' data occur, our business could be adversely affected.

Our security measures may also be breached due to employee error, malfeasance or otherwise. For example, we face risks of users bypassing the membership verification process on our platform with illegal technology and manipulating our system into recognizing them as paid members. As a result, such users may illegally gain access to premium content without purchasing our membership. Additionally, external parties may attempt to fraudulently induce employees, users or customers to disclose sensitive information in order to gain access to our data or our users' or customers' data or accounts, or may otherwise obtain access to such data or accounts. Since our users and customers may use their accounts to establish and maintain online identities, unauthorized communications from accounts that have been compromised may damage their reputations and brands as well as ours. Furthermore, we face the risk of hackers gaining illegal access to and illegally distributing our original content that has not been released. While such incidents have not occurred in the past, we cannot assure you that they will not happen in the future. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation and a loss of confidence in the security of our products and services that could have an adverse effect on our business and operating results. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures and our reputation and relationships with users could be harmed, we may lose users and customers and we may be exposed to significant legal and financial

risks, including legal claims and regulatory fines and penalties. Any of these actions could have a material and adverse effect on our business, reputation and operating results.

We rely upon our partner to make our service available through smart TV.

In smart TV video streaming market, only a small number of qualified license holders can provide internet audio and visual program service to the TV terminal users via smart TVs, set-top boxes and other electronic products. Most of those license holders are radio or TV stations. Private companies that wish to operate this kind of business need to cooperate with those license holders to legally provide those services. We entered into a cooperation arrangement with Galaxy Internet Television Co., Ltd., our license partner, and our license partner currently offers certain of our members the ability to receive streaming content through smart TV. If we are not successful in maintaining existing or creating new relationships, or if we encounter technological, content licensing, regulatory or other impediments to delivering our streaming content to our members via these devices, our ability to grow our business may be adversely impacted.

Advertisements shown on our platform may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our platform to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, we are obligated to confirm that such review has been performed and approval has been obtained from competent governmental authority. To fulfill these monitoring functions, we include clauses in all of our advertising contracts requiring that all advertising content provided by advertising agencies and advertisers must comply with the applicable laws and regulations. Under PRC law, we may have claims against advertising agencies and advertisers for all damages to us caused by their breach of such representations. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations, such as posting a pharmaceutical product advertisement without approval, or posting an advertisement for any fake pharmaceutical product, PRC governmental authorities may force us to terminate our advertising operation or revoke our licenses.

In addition, to the extent we advertise our products and services in Hong Kong, we will be required to comply with laws and regulations governing the advertising and promotion of products in Hong Kong, such as the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong). The ordinance aims to prohibit false or misleading trade description and statements to goods and services provided by traders to the consumers during or after a transaction. Pursuant to the ordinance, any person in the course of any trade or business applies a false trade description to any goods and services or supply or offers to supply them commits an offence. The ordinance also provides that traders may commit an offence if they engage in a commercial practice that has a misleading omission of material information of the goods, an aggressive commercial practice, involves bait advertising, bait and switch or wrong acceptance of payment. A person who commits any such offence under the ordinance is subject to a fine of up to HK$500,000 and imprisonment of up to five years.

A majority of the advertisements shown on our platform are provided to us by third parties. Although we have implemented automated and manual content moderation systems and significant efforts have been made to ensure that the advertisements shown on our platform are in full compliance with applicable laws and regulations, we cannot assure you that all the content contained in such advertisements is true and accurate as required by the advertising laws and regulations, especially given the large volume of in-feed ads and the uncertainty in the application of these laws and regulations. In addition, advertisers, especially in-feed advertisers, may, through illegal technology, evade our content moderation procedures to display advertisements that do not comply with applicable laws and regulations on our platform. The inability of our systems and procedures to adequately and timely discover such evasions may subject us to regulatory penalties or administrative sanctions. Although we have not been subject to material penalties or administrative sanctions in the past for the advertisements shown on our platform, if we are found to be in violation of applicable advertising laws and regulations in the future, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.

We believe that a critical component of our success is our corporate culture, which fosters innovation and cultivates creativity. As we continue to expand and grow our business, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could undermine our reputation and negatively impact our ability to attract and retain employees, which would in turn jeopardize our future success.

Our quarterly operating results may fluctuate, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.

Our quarterly operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are out of our control. Our operating results tend to be seasonal. For instance, our content distribution revenue may fluctuate significantly from quarter to quarter as a result of the varying availability of popular content titles for distribution and adjustments to our market strategies. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues in a given period may be significantly different from our historical or projected rates and our operating results in future quarters may fall below expectations.

Disruption or failure of our IT systems, cybersecurity related threats or our failure to timely and effectively scale and adapt our existing technology and infrastructure could impair our users' streaming entertainment experience and adversely affect our reputation, business and operating results.

Our ability to provide users with a high-quality streaming entertainment experience depends on the continuous and reliable operation of our IT systems. We cannot assure you that we will be able to procure sufficient bandwidth in a timely manner or on acceptable terms or at all. Failure to do so may significantly impair user experience on our platform and decrease the overall effectiveness of our platform to both users and advertisers. Disruptions, failures, unscheduled service interruptions or a decrease in connection speeds could hurt our reputation and cause our users and advertising customers to switch to our competitors' platforms. Our IT systems and proprietary content delivery network, or CDN, are vulnerable to damage or interruption as a result of fires, floods, earthquakes, power losses, telecommunications failures, undetected errors in software, computer viruses, hacking and other attempts to harm our systems. These interruptions may be due to unforeseen events that are beyond our control or the control of our third-party service providers. For example, we have experienced intermittent interruptions for up to 48 hours of viewer access to one popular drama title in the past. In addition, in February 2020, we experienced intermittent interruption for approximately two hours of user access to our platform. Such interruption was caused by a malfunction at an internet data center, combined with slow response from our backup server supplier caused by the COVID-19 outbreak and a peak of user traffic on our platform. The interruption was fixed within approximately two hours and we have expanded the capacity of our servers hosted at internet data centers. Our platform has also experienced general intermittent interruptions in the past. These interruptions were caused by (i) overload of our servers; (ii) unexpected overflow of user traffic; (iii) service malfunction of payment gateway; and (iv) service malfunction of the telecommunications operators, such as power outage of internet data centers or network transmission congestion. We may continue to experience similar interruptions in the future despite our continuous efforts to improve our IT systems. Since we host our servers at third-party internet data centers, any natural disaster or unexpected closure of internet data centers operated by third-party providers may result in lengthy service interruptions. Furthermore, in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes and cybersecurity related threats as follows:

- our technology, system, networks and our users' devices have been subject to, and may continue to be the target of, cyber-attacks, computer viruses, malicious code, phishing attacks or information security breaches that could result in an unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ours, our employees or sensitive information provided by our users, or otherwise disrupt our, our users' or other third parties' business operations;
- we periodically encounter attempts to create false accounts or use our platform to send targeted and untargeted spam messages to our users, or take other actions on our platform for purposes such as spamming or spreading misinformation, and we may not be able to repel spamming attacks;
- the use of encryption and other security measures intended to protect our systems and confidential data may not provide absolute security, and losses or unauthorized access to or releases of confidential information may still occur;
- our security measures may be breached due to employee error, malfeasance or unauthorized access to sensitive information by our employees, who may be induced by outside third parties, and we may not be able to anticipate any breach of our security or to implement adequate preventative measures; and we may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions.

If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our users' experience with us may be negatively affected, which in turn, may have a material and adverse effect on our reputation. We cannot assure you that we will be successful in minimizing the frequency or duration of service interruptions.

As the number of our users increases and our users generate more content on our platform, we may be required to expand and adapt our technology and infrastructure to continue to reliably store and analyze this content. It may become increasingly difficult to maintain and improve the performance of our services, especially during peak usage times, as our services become more complex and our user traffic increases. If our users are unable to access our online application in a timely fashion, or at all, our user experience may be compromised and the users may seek other platforms to meet their needs, and may not return to iQIYI or use iQIYI as often in the future, or at all. This would negatively impact our ability to attract users and maintain the level of user engagement.

If the technologies we use in operating our business fails, becomes unavailable, or does not operate to meet expectations, our business and results of operation may be adversely impacted

We utilize a combination of proprietary and third-party technologies to operate our business. These include the technologies that we have developed to recommend and monetize content to our users as well as enable fast and efficient delivery of content to our users and their various internet connected devices. For example, we use our own CDN, and third-party CDN services to support our operation. To the extent internet service providers do not interconnect with the CDN services we use, or if we experience difficulties in its operation, our ability to efficiently and effectively deliver our streaming content to our users could be adversely impacted and our business and results of operation could be adversely affected. Likewise, if our recommendation and monetization technology does not enable us to predict and recommend content that our users will enjoy, our ability to attract and retain users may be adversely affected. We also utilize third-party technology to help market our service, process payments, and otherwise manage the daily operations of our business. If our technology or that of third parties we utilize in our operations fails or otherwise operates improperly, our ability to operate our service, retain existing users and add new users may be impaired. Also, any harm to our users' electronic devices caused by software used in our operations could have an adverse effect on our business, results of operations and financial condition.

Any lack of requisite permits for any of our internet video and other content or any of our business may expose us to regulatory sanctions.

All films and television shows in mainland China, whether produced in mainland China or overseas, must be pre-approved by the National Radio and Television Administration and the State Film Bureau, and distributors of these films and television shows must obtain an applicable permit before releasing them. In addition, online games are also subject to approval by the National Press and Publication Administration.

In terms of licensed third-party content published or online games we distribute, we obtain and rely on written representations from content providers and third-party operators regarding the National Radio and Television Administration, the State Film Bureau, the National Press and Publication Administration and other approval and filing status of these content and online games, and, to a lesser extent, require content providers and third-party operators to produce evidence demonstrating that they and the licensed content or the online games have received all requisite permits and approvals. We also import some foreign TV dramas and films and apply for the permits for and register such contents with the competent authorities by ourselves. However, we cannot assure you that our monitoring procedures with respect to licensed content and online games are fully adequate, and we cannot guarantee that the remedies provided by these content providers, if any, will be sufficient to compensate us for potential regulatory sanctions imposed by the National Radio and Television Administration, the State Film Bureau or the National Radio and Television Administration due to violations of the approval and permit requirements and for the foreign TV dramas and movies we imported, we cannot assure you that we will be able to obtain the permits for or register such contents with the competent authorities in a timely manner or at all. Nor can we ensure that any such sanctions will not adversely affect either the general availability of video, online games or other content on our platform or our reputation. Although we have internal content moderation procedures in place to review our procured content, we face risks of termination or revocation of permits and approvals, contractual misrepresentations and failure to honor representations or indemnify us against any claims or costs by content providers.

We have obtained the VATS License, the Internet Audio-video Program Transmission License, the Network Culture Business Permit, Permit to Produce and Operate Radio and Television Programs, the Commercial Performance License, the Internet Publishing License, the Publication Trade License and the Food Trade License for operating our business. However, there remain certain permissions or approvals that may become necessary if the interpretation or enforcement of existing laws and regulations were to change. For example, (i) we have not obtained the Permit for Internet News Information Service to publish or disseminate current political news on our platform, (ii) we have not obtained the Internet Publishing Service License for Beijing iQIYI in relation to the online comics and online literature operation and (iii) our Permit for Internet Audio-video Program Service currently does not cover the permission for displaying and forwarding current political audio-video news programs. We plan to apply for these permissions and approvals to the extent practical. We maintain regular communication with the regulatory authorities in charge of these permissions or approvals. As of the date of this annual report, these regulatory authorities have not expressed any objections to our business operations.

If we fail to obtain, maintain or renew the licenses, permissions or approvals as required by current PRC laws and regulations, or fail to obtain any additional licenses, permissions or approvals or make any requisite records or filings required by new laws, regulations or executive orders required for our current or future business in a timely manner or at all, we could be subject to liabilities or penalties, and our operations could be adversely affected. New laws and regulations, and the evolving practice in the implementation of the existing laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention, which may require us to obtain new license and permits, or take certain actions that may adversely affect our business operations. For example, we have voluntarily taken down certain online advertisements on our platform due to tightened regulations on online advertisements. We have also taken down or cut down contents on our platform due to sanctions put on their cast or other limitations imposed by the governmental authorities from time to time. We may not be able to timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future. Nor can we assure you that we will be able to timely address all the change in policy, failure of which may subject us to liabilities or penalties, and our operations could be adversely affected.

Undetected programming errors could adversely affect our user experience and market acceptance of our video content, which may materially and adversely affect our business and results of operations.

Video content on our platform may contain programming errors that may only become apparent after their release. We receive user feedbacks in connection with programming errors affecting the user experience from time to time, and such errors may also come to our attention during our monitoring process. We generally have been able to resolve such programming errors in a timely manner. However, we cannot assure you that we will be able to detect and resolve all these programming errors effectively. Undetected audio or video programming errors or defects may adversely affect user experience, cause users to refrain from becoming our paid members or to cancel their membership subscriptions, and cause our advertising customers to reduce their use of our services, any of which could materially and adversely affect our business and results of operations.

We have invested in or acquired, and may continue to invest in and acquire, complementary assets, technologies and businesses in the future, and such efforts may fail, may cause risks of non-compliance and may result in equity or earnings dilution.

We have invested in and acquired, and may continue to invest in and acquire, assets, technologies and businesses that are complementary to our business in the future. For example, in July 2018, we acquired 100% equity stake in a developer and publisher of games known as Skymoons. Acquired businesses or assets may not yield the results we expect. In addition, investments and acquisitions involve uncertainties and risks, including:

- potential ongoing financial obligations and unforeseen or hidden liabilities, including liability for infringement of third-party copyrights or other intellectual property;
- costs and difficulties of integrating acquired businesses and managing a larger business;
- in the case of investments where we do not obtain management and operational control, lack of influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in the investments;
- possible loss of key employees of a target business;
- potential claims or litigation regarding our board's exercise of its duty of care and other duties required under applicable law in connection with any of our significant acquisitions or investments approved by the board;
- diversion of resources and management attention;
- regulatory hurdles and compliance risks, including the anti-monopoly and competition laws, rules and regulations of mainland China and other jurisdictions; and enhanced compliance requirements for outbound acquisitions and investment under the laws and regulations of mainland China.

Any failure to address these risks successfully may have a material and adverse effect on our financial condition and results of operations. Investments and acquisitions may require a significant amount of capital, which would decrease the amount of cash available for working capital or capital expenditures. In addition, if we use our equity securities to pay for investments and acquisitions, we may dilute the value of our ADSs and the underlying ordinary shares. If we borrow funds to finance investments and acquisitions, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Moreover, acquisitions may also generate significant amortization expenses related to intangible assets.

We may also incur impairment charges to earnings for investments and acquired businesses and assets. For example, we recorded impairment losses in the amount of RMB841.5 million, RMB336.2 million and RMB192.6 million (US$26.4 million) for the years ended December 31, 2022, 2023 and 2024, respectively. We may continue to record impairment losses in the future. Our determination on whether assets are impaired is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, the carrying amount of the assets may

exceed our recoverable amount, and our assets may be impaired. As a result, we may be required to significantly write-off our assets and record a significant impairment loss. Even though these charges may be non-cash items and would not have an immediate impact on our liquidity, the fact that we may report charges of this nature could contribute to negative market perceptions of us or our securities. Accordingly, any of our shareholders and beneficial owners of the ADSs could suffer a reduction in the value of their investment. We cannot guarantee that we will not record greater impairment losses in the future. If we suffer from significant impairment losses, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to payment processing risk.

Our members pay for our service using a variety of different online payment methods. We rely on third parties to process such payment. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as delays in receiving payments from payment processors and changes to rules or regulations concerning payment processing, our revenue, operating expenses and results of operation could be adversely impacted.

Negative media coverage could adversely affect our business.

Negative publicity about us or our business, shareholders, affiliates, directors, officers or other employees, as well as the industry in which we operate or the talents on our platform, can harm our operations. Such negative publicity could be related to a variety of matters, including:

- alleged misconduct or other improper activities committed by our shareholders, affiliates, directors, officers, other employees, talents on our platform, or by third-party suppliers;
- false or malicious allegations or rumors about us or our shareholders, affiliates, directors, officers, other employees, talents on our platform, or by third-party suppliers;
- user complaints about the quality of our products and services;
- copyright infringements involving us and content offered on our platform;
- security breaches of confidential user information;
- improper actions by fans; and governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

Furthermore, negative publicity about talents on our platform could occur in many circumstances that are beyond our control. For instance, they may post unlawful, false, offensive or controversial content on their social media pages, notwithstanding any terms of use of the social media platforms and our guidelines, which may thus receive negative comments and complaints or even cause their accounts to be closed by social media platforms. In addition, they may also receive negative publicity if they are involved in any illegal activities, scandals or rumors. Any negative publicity of or media coverage about the talents on our platform, regardless of its veracity, could harm our reputation and have a negative impact on our business.

In addition, we are exploring various opportunities and marketing strategies to better monetize our membership base, including offering early access privilege to certain drama series for an additional fee. We may receive negative news reports, or negative publicity on influential TV shows, on such initiatives, which may negatively impact our reputation and results of operations. We may also be affected by publicity relating to third-party service providers. In addition to traditional media, there has been an increasing use of social media platforms and similar devices in mainland China, including instant messaging applications, such as Weixin/WeChat, social media apps and other forms of internet-based communications that provide individuals with access to a broad audience of users and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

A severe or prolonged downturn in mainland China or global economy could materially and adversely affect our business and financial condition.

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. Even before the outbreak of COVID-19, global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy has gradually slowed in recent years and the trend may continue, and the Chinese population began to decline in 2022. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war may increase market volatility across the globe. There have also been concerns on the relationship among China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs, as well as sanctions and anti-sanction actions implemented by both sides. Economic conditions in mainland China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in mainland China. Any severe or prolonged slowdown in the global or mainland China economy may materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in mainland China.

The successful operation of our business depends on the performance of the internet infrastructure and telecommunications networks in mainland China. Almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. Moreover, we have entered into contracts with various subsidiaries of a limited number of telecommunications service providers at provincial level and rely on them to provide us with data communications capacity through local telecommunications lines. 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 telecommunications networks provided by telecommunications service providers. Our platform regularly serves a large number of users and advertisers. 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 platform. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. If internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

We have granted, and may continue to grant, share incentives, which may result in increased share-based compensation expenses.

We have adopted the share incentive plans to provide incentive to our directors, employees and consultants. As of February 28, 2025, options to purchase a total of 326,630,018 ordinary shares were outstanding under our 2010 Equity Incentive Plan and options to purchase a total of 248,192,217 ordinary shares were outstanding under our 2021 Share Incentive Plan.

For the years ended December 31, 2022, 2023 and 2024, we recorded RMB811.4 million, RMB636.7 million and RMB544.4 million (US$74.6 million), respectively, in share-based compensation expenses. 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 awards in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

We may have exposure to greater than anticipated tax liabilities.

Due to shifting economic and political conditions, tax policies and laws, tax rates in various jurisdictions may be subject to significant changes that could impair our financial results. Various jurisdictions around the world have enacted or are considering enacting digital services taxes, which could lead to inconsistent and potentially overlapping international tax regimes applicable to highly-digitalized businesses. In 2021, the Organization for Economic Cooperation and Development announced an Inclusive Framework on Base Erosion and Profit Shifting including, Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of large multinational corporations at a minimum rate of 15%. Subsequently, multiple sets of administrative guidance have been issued. Various tax jurisdictions have either enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in 2024 with the adoption of additional components in later years, or announced their plans to enact such legislation in future years. We will continue to evaluate the impact of such legislative initiatives in the tax jurisdictions in which we operate. There are uncertainties regarding the rules and implementations, and there is no guarantee that these changes will not affect our financial results.

We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are subject to rules and regulations by various governing bodies, including, for example, the SEC, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in mainland China and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed. For example, on December 29, 2023, the Standing Committee of the National People's Congress promulgated the amended PRC Company Law, which became effective on July 1, 2024 and superseded the existing PRC Company Law. The amended PRC Company Law provides stricter requirements on capital contribution of a company established in mainland China. On July 1, 2024, the State Administration for Market Regulation, or the SAMR, issued the Provisions of the State Council on Implementing the Registered Capital Registration and Management System under the PRC Company Law, which further specify the detailed requirements and measures of the registration and management of registered capital under the amended PRC Company Law. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Corporate Governance" for details. According to the amended PRC Company Law, we may be required to fulfill the obligations of capital contribution to our subsidiaries or to provide financial support to the nominee shareholders of the variable interest entities within a much shorter period than the currently effective period. However, since the amended PRC Company Law is still relatively new, there is still uncertainty regarding the implementation and interpretation of the amended PRC Company Law. We will closely monitor the legislative developments related to the amended PRC Company Law and its implementation measures, such that we can assess the possible impact on us in a timely manner.

We have limited business insurance coverage.

Insurance companies in mainland China offer limited business insurance products. We maintain, and require our subcontractors to maintain, standard film production insurance. However, aside from this, we do not have business liability or disruption insurance coverage for our operations in mainland China. Any business disruption may result in our incurring substantial costs and the diversion of our resources, which could have an adverse effect on our results of operations and financial condition.

Failure to maintain effective internal control over financial reporting could have a material and adverse effect on the trading price of our ADSs.

We are subject to the reporting obligations under the U.S. securities laws. The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring every public company to include a report from management on the effectiveness of such company's internal control over financial reporting in its annual report on Form 20-F. In addition, the independent registered public accounting firm must report on the effectiveness of such company's internal control over financial reporting. If we fail to maintain effective internal control over financial reporting, we will not be able to conclude and our independent registered public accounting firm will not be able to report that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act of 2002 in our future annual report on Form 20-F covering the fiscal year in which this failure occurs. Effective internal control over financial reporting is necessary for us to produce reliable financial reports. Any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could have a material and adverse effect on the trading price of our ADSs. Furthermore, we may need to incur additional costs and use additional management and other resources as our business and operations further expand or in an effort to remediate any significant control deficiencies that may be identified in the future.

We face risks related to health epidemics and other outbreaks, as well as natural disasters, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of other widespread health epidemic, such as the COVID-19 pandemic, swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions.

The COVID-19 pandemic created unique global and industry-wide challenges, including challenges to many aspects of our business. The spread of the disease and the preventive actions taken imposed a strong restraining effect on content production and title release in the entire online entertainment industry, causing an undersupply of content, especially cinema movies, from 2020 to 2022.

The decrease in the quantity of content offerings in turn negatively affected our ability to retain existing subscribing members and attract new ones during the period. The extent to which the pandemic impacts our results of operations going forward will depend on future developments which are highly uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments.

Our business operations could be disrupted if any of our employees is suspected of having any transmissible health epidemic, since this may cause our employees to be quarantined and our offices to be temperately shut down. In addition, our results of operations may be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

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

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

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

Risks Related to Our Relationship with Baidu

We have limited experience operating as a stand-alone public company.

We have limited experience conducting our operations as a stand-alone public company. Since we became a stand-alone public company in March 2018, we have faced and will continue to face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, as we are a public company, our management team needs to develop the expertise necessary to comply with the regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relations issues. We cannot guarantee that we will be able to do so continuously in an effective manner.

We may have conflicts of interest with Baidu and, because of Baidu's controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.

Conflicts of interest may arise between Baidu and us in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified include the following:

- Our board members may have conflicts of interest. Our directors Mr. Junjie He, Dr. Dou Shen, Mr. Fei Qi and Ms. Shanshan Cui are also employees of Baidu. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for Baidu and us.
- Sale of shares in our company. Baidu may decide to sell all or a portion of our shares that it holds to a third party, including to one of our competitors, thereby giving that third-party substantial influence over our business and our affairs. Such a sale could be in conflict with the interests of our employees or our other shareholders.

- Developing business relationships with Baidu's competitors. So long as Baidu remains our controlling shareholder, we may be limited in our ability to do business with its competitors. This may limit our ability to market our services for the best interests of our company and our other shareholders.
- Allocation of business opportunities. Business opportunities may arise that both we and Baidu find attractive, and which would complement our businesses. We may be prevented from taking advantage of new business opportunities that Baidu has entered into.

Although our company became a stand-alone public company in March 2018, we expect to operate, for as long as Baidu is our controlling shareholder, as a subsidiary of Baidu. Baidu may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, including our company. These decisions may be different from the decisions that we would have made on our own. Baidu's decisions with respect to us or our business, including any related party transactions between Baidu and us, may be resolved in ways that favor Baidu and therefore Baidu's own shareholders, which may not coincide with the interests of our other shareholders. If Baidu were to compete with us, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our agreements with Baidu may be less favorable to us than similar agreements negotiated with unaffiliated third parties. In particular, our master business cooperation agreement with Baidu limits the scope of business that we are allowed to conduct.

We have entered into a master business cooperation agreement with Baidu and may enter into additional agreements with Baidu in the future. Under our master business cooperation agreement with Baidu, we agree during the non-competition period, which will end on January 19, 2026 unless otherwise terminated earlier pursuant to the agreement, not to compete with Baidu in its core businesses. Such contractual limitations may affect our ability to expand our business and may adversely impact our growth and prospects. Furthermore, while Baidu has agreed not to compete with us in our long-form video businesses, existing business activities conducted by Baidu and its affiliates are not subject to such non-compete limitation. Potential conflicts of interest could arise in connection with the resolution of any dispute between Baidu and us, regarding the terms of the arrangements governing our agreements with Baidu including the master business cooperation agreement. For example, so long as Baidu continues to control us, we may not be able to bring a legal claim against Baidu in the event of contractual breach, notwithstanding our contractual rights under the master business cooperation agreement and other inter-company agreements to be entered into by Baidu and us from time to time.

If our collaboration with Baidu is terminated or curtailed, or if we are no longer able to benefit from the synergies of our business cooperation with Baidu, our business may be adversely affected.

Our controlling shareholder and strategic partner, Baidu, is one of the largest internet companies in mainland China. Our business has benefited significantly from Baidu's advanced technological capabilities and strong market position in mainland China. In addition, we have benefited from Baidu's financial support in the past. We cooperate with Baidu in a number of areas, including AI technology, cloud services and traffic. However, we cannot assure you that we will continue to maintain our cooperative relationships with Baidu and its affiliates in the future. To the extent we cannot maintain our cooperative relationships with Baidu at reasonable prices or at all, we will need to source other business partners to provide services, which could result in material and adverse effects to our business and results of operations. We may also need to obtain financing through other means if Baidu ceases to provide financial support to us. In addition, our current customers and content partners may react negatively to our carve-out from Baidu. Our inability to maintain a cooperative relationship with Baidu could materially and adversely affect our business, growth and prospects.

Baidu will control the outcome of shareholder actions in our company.

As of February 28, 2025, Baidu held approximately 45.2% of our total issued and outstanding ordinary shares, representing 89.2% of our total voting power. Baidu has advised us that it does not anticipate disposing of its voting control in us in the near future. Baidu's voting power gives it the power to control certain actions that require shareholder approval under Cayman Islands law, our memorandum and articles of association and the Nasdaq Stock Market requirements, including approval of mergers and other business combinations, changes to our memorandum and articles of association, the number of shares available for issuance under any share incentive plans, and the issuance of significant amounts of our ordinary shares in private placements.

Baidu's voting control may cause transactions to occur that might not be beneficial to you as a holder of ADSs and may prevent transactions that could have been beneficial to you. For example, Baidu's voting control may prevent a transaction involving a change of control of us, including transactions in which you as a holder of our ADSs might otherwise receive a premium for your securities over the then-current market price. In addition, Baidu is not prohibited from selling a controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your ADSs. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules and, as a result, will rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a "controlled company" as defined under the Nasdaq Stock Market Rules because Baidu beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and will rely, on certain exemptions from corporate governance rules, including:

- an exemption from the rule that a majority of our board of directors must be independent directors;
- an exemption from the rule that the compensation of our chief executive officer must be determined or recommended solely by independent directors; and an exemption from the rule that our director nominees must be selected or recommended solely by independent directors.

As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of telecommunication businesses and certain other businesses, such as provision of internet video and online game services, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in a commercial internet content provider or other value-added telecommunication service provider (other than operating e-commerce, domestic multi-party communication, store-and-forward, and call center).

In addition, foreign investors are prohibited from investing in companies engaged in internet video, culture and publishing business and film/drama production and operation (including importation) business. We are a Cayman Islands company and our mainland China subsidiaries are considered foreign-invested enterprises. As such, none of our mainland China subsidiaries are eligible to operate internet video and other businesses which foreign-owned companies are prohibited or restricted from conducting in mainland China. Accordingly, we conduct such business activities through the variable interest entities in mainland China, Beijing iQIYI, Shanghai iQIYI, Shanghai Zhong Yuan, iQIYI Pictures, Intelligent Entertainment and iQIYI Yinhua, and their subsidiaries. Our wholly-owned subsidiaries, Beijing QIYI Century and iQIYI New Media, have entered into contractual arrangements with the variable interest entities and their respective shareholders. The contractual arrangements enable us to receive the economic benefits of, and have an exclusive option to purchase all or part of the equity interest and assets in the variable interest entities when and to the extent permitted by PRC law, and as a result, iQIYI, Inc. is considered as the primary beneficiary of the variable interest entities in mainland China and consolidate the financial results of the variable interest entities as required by ASC topic 810, *Consolidation*. Accordingly, we treat the variable interest entities as our consolidated entities under U.S. GAAP, and we consolidate the financial results of the variable interest entities in our consolidated financial statements under U.S. GAAP for accounting purposes. We conduct our operations in mainland China through (i) our mainland China subsidiaries, which primarily include Beijing QIYI Century and Beijing iQIYI Interactive Technology Co., Ltd. and (ii) the variable interest entities with which we maintained these contractual arrangements, namely Beijing iQIYI, Shanghai iQIYI, Shanghai Zhong Yuan, iQIYI Pictures, Intelligent Entertainment and iQIYI Yinhua, and their subsidiaries in mainland China. Investors in our ADSs thus are not purchasing equity interest in the variable interest entities in mainland China but instead are purchasing equity interest in a Cayman Islands holding company with no equity ownership in the variable interest entities.

Our holding company in the Cayman Islands, the variable interest entities, and investments in our Company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the variable interest entities and, consequently, the business, financial condition, and results of operations of the variable interest entities and our Company as a group. In addition, our ADSs may decline in value or become worthless if we are unable to assert our contractual control rights over the assets of the variable interest entities which contributed 93% of our revenues in 2024. If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in online video and other foreign-restricted services, or if the PRC government otherwise finds that we, the variable interest entities, or any of their subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the PRC regulatory authorities, including the MIIT, the National Radio and Television Administration, the State Film Bureau, the National Press and Publication Administration, the Ministry of Culture and the Ministry of Commerce, would have discretion in dealing with such violations or failures, including, without limitation:

- revoking the business licenses and operating licenses of such entities;

- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our mainland China subsidiaries and the variable interest entities;
- imposing fines, confiscating the income from our mainland China subsidiaries or the variable interest entities, or imposing other requirements with which we or the variable interest entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with the variable interest entities and deregistering the equity pledges of the variable interest entities, which in turn would affect our ability to consolidate, derive economic interests from, or direct activities that most significantly affect the economic performance of the variable interest entities; or restricting or prohibiting our use of the proceeds of any of our offshore financings to finance our business and operations in mainland China.

In addition, in September 2009, the General Administration of Press and Publication together with several other government agencies issued a notice, known as Circular 13, prohibiting foreign investors from participating in online game operating businesses through wholly-owned enterprises, equity joint ventures or cooperative joint ventures in mainland China. Circular 13 expressly prohibits foreign investors from exercising control or participating in PRC operating companies' online game operations indirectly, such as through other joint venture companies or contractual or technical arrangements. Other government agencies that also had the authority to regulate online game operations in mainland China when Circular 13 was issued, such as the Ministry of Culture and the MIIT, did not join the General Administration of Press and Publication in issuing Circular 13. The General Administration of Press and Publication was replaced by the State Administration of Press Publication, Radio, Film and Television and later by the National Press and Publication Administration. To date, none of the General Administration of Press and Publication, the State Administration of Press Publication, Radio, Film and Television and the National Press and Publication Administration has issued any interpretation of Circular 13. Due to the ambiguity among various regulations on online games and a lack of interpretations from the PRC authorities governing online game operations, there are uncertainties regarding whether PRC authorities would consider our contractual arrangements to be foreign investment in online game operation businesses. While we are not aware of any online game companies which use the same or similar contractual arrangements as ours having been penalized or ordered to terminate operation by PRC authorities claiming that the contractual arrangements constitute control over, or participation in, the operation of online game operations through indirect means, it is unclear whether and how the various regulations of the PRC authorities might be interpreted or implemented in the future. If our contractual arrangements were deemed to be "indirect means" or "disguised form" under Circular 13, the contractual arrangements may be challenged by the National Press and Publication Administration or other governmental authorities. If we were found to be in violation of Circular 13 to operate our mobile game business, the National Press and Publication Administration, in conjunction with the regulatory authorities, would have the power to investigate and deal with such violations, including in the most serious cases, suspending or revoking the licenses and registrations. If we were found to be in violation of any existing or future PRC laws or regulations, including the MIIT notice and Circular 13, the regulatory authorities would have discretion in dealing with such violations.

Furthermore, it is uncertain whether any new PRC laws, rules or regulations relating to contractual arrangements will be adopted or if adopted, what they would provide. For example, the National People's Congress approved the Foreign Investment Law on March 15, 2019 and the State Council approved the Regulation on Implementing the Foreign Investment Law on December 12, 2019, effective from January 1, 2020. The Supreme People's Court of China issued a judicial interpretation on the Foreign Investment Law on December 27, 2019, effective from January 1, 2020. The Foreign Investment Law and the Regulation on Implementing the Foreign Investment Law do not touch upon the concepts and regulatory regimes that were historically suggested for the regulation of the variable interest entity structures, and thus this regulatory topic remains unclear under the Foreign Investment Law. Since the Foreign Investment Law and the Regulation on Implementing the Foreign Investment Law are new, their interpretation and implementation shall be determined in accordance with the laws and regulations in force at the time and it is also possible that variable interest entities will be deemed as foreign invested enterprises and be subject to restrictions in the future. Such restrictions may cause interruptions to our operations, products and services and may incur additional compliance cost, which may in turn materially and adversely affect our business, financial condition and results of operations.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of the variable interest entities in mainland China that most significantly impact their economic performance, or our failure to receive the economic benefits from the variable interest entities, we may not be able to consolidate the financial results of the variable interest entities in our consolidated financial statements in accordance with U.S. GAAP.

In October 2024, Yangshipin Integrated Media Development Co., Ltd. completed its investment of approximately RMB0.3 million in Beijing iQIYI to acquire 1% of Beijing iQIYI's enlarged registered capital. Yangshipin Integrated Media Development Co., Ltd. is not a party to the contractual arrangements currently in effect among Beijing iQIYI, Beijing QIYI Century, and other shareholders of Beijing iQIYI. Therefore, we are unable to mandatorily purchase, or have Yangshipin Integrated Media Development Co., Ltd. pledge, the 1% equity interests in Beijing iQIYI in the same manner as agreed under existing contractual arrangements, nor

are we granted the authorization of the voting rights of the 1% equity interests. We believe iQIYI, Inc. still controls and is the primary beneficiary of Beijing iQIYI for accounting purposes, as it continues to have a controlling financial interest in Beijing iQIYI pursuant to ASC 810-10-25-38A after the issuance of such 1% equity interests.

We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with variable interest entities and their shareholders to operate our business in mainland China. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders." These contractual arrangements may not be as effective as direct ownership in providing us with control over the variable interest entities. For example, the variable interest entities and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct its operations in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of the variable interest entities in mainland China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the variable interest entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the variable interest entities and their shareholders of their obligations under the contracts to direct activities that most significantly affect the economic performance of the variable interest entities. The shareholders of the variable interest entities may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate a certain portion of our business through the contractual arrangements with the variable interest entities. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to the laws and regulations under the PRC legal system. In addition, the legality and enforceability of the contractual agreements between our mainland China subsidiaries, the variable interest entities, and their nominee shareholders, as a whole, have not been tested in a court of law in mainland China. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to direct activities that most significantly affect the economic performance of the variable interest entities, and our ability to conduct our business may be materially adversely affected. Therefore, our contractual arrangements with the variable interest entities may not be as effective in ensuring our control over our business operations as direct ownership would be.

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

If the variable interest entities or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC law. For example, if the shareholders of the variable interest entities were to refuse to transfer their equity interests in the variable interest entities to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in mainland China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. We face uncertainties in the enforcement of these contractual arrangements. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to direct activities that most significantly affect the economic performance of the variable interest entities, and our ability to conduct our business may be negatively affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us."

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

The shareholders of the variable interest entities may have potential conflicts of interest with us. These shareholders may breach, or cause the variable interest entities to breach, or refuse to renew, the existing contractual arrangements we have with them and the variable interest entities, which would have a material and adverse effect on our ability to effectively direct the business operations of the variable interest entities and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with the variable interest entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. In particular, Mr. Ning Ya (who holds 50% of the equity interest in iQIYI Pictures) and Mr. Xiaohua Geng (who holds 50% of the equity interest in Shanghai iQIYI and 99% in Beijing iQIYI) are not our directors or executive officers. As a result, we cannot assure you that their interests will align with ours. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor. Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements in relation to the variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our PRC variable interest entities 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 our contractual arrangements with the variable interest entities 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 the variable interest entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the variable interest entities for PRC tax purposes, which could in turn increase their tax liabilities without reducing our mainland China subsidiary's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on the variable interest entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our variable interest entities' tax liabilities increase or if they are required to pay late payment fees and other penalties.

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

As part of our contractual arrangements with the variable interest entities, the entities hold certain assets that are material to the operation of certain portion of our business, including permits, domain names and most of our IP rights. If the variable interest entities go bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the variable interest entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If the variable interest entities undergo a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

The interpretation and implementation of the newly enacted PRC Foreign Investment Law shall be determined in accordance with the laws and regulations in force at the time and any noncompliance thereof may impact the viability of our current corporate structure, corporate governance and business operations.

The National People's Congress approved the Foreign Investment Law on March 15, 2019 and the State Council approved the Regulation on Implementing the Foreign Investment Law on December 12, 2019, effective from January 1, 2020, to replace the trio of laws previously regulating foreign investment in mainland China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, its interpretation and implementation shall be determined in accordance with the laws and regulations in force at the time. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in mainland China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no

assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

Risks Related to Doing Business in Mainland China

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

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

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

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

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

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares

will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, adopted by six PRC regulatory agencies in 2006 and amended in 2009, require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear and uncertain. If the CSRC approval is required for any of our offshore listings and capital raising activities, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore listings and capital raising activities if such approval is required, or a rescission of such CSRC approval we obtained, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in mainland China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, which called for the enhanced administration over illegal securities activities and the supervision of overseas-listed China-based companies and proposed to revise the regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC published the Interim Administrative Measures on Overseas Securities Offering and Listing by the Domestic Enterprises (CSRC Announcement [2022] No. 43), or the Overseas Listing Measures, which took effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system is applied to "indirect overseas offerings and listings" of PRC domestic companies, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a domestic company that operates its main business domestically. The Overseas Listing Measures state that, any overseas offering of securities, including issuance of shares, convertible notes and other similar securities, by a PRC domestic company, and listing by a PRC domestic company in an overseas market, shall be subject to filing requirements within three business days after the completion of such offering or listing. In addition, according to the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by the Domestic Enterprises, issuers that have already been listed in an overseas market by March 31, 2023, the date on which the Overseas Listing Measures took effect, such as our company, are not required to make any immediate filing. However, such issuers will be required to comply with the filing requirements under Overseas Listing Measures if and when they pursue any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions. If we fail to obtain required approval or complete other review or filing procedures, under the Overseas Listing Measures or otherwise, for any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions, we may face sanctions by the CSRC or other PRC regulatory authorities, which may include fines and penalties on our operations in mainland China, limitations on our operating privileges in mainland China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in mainland China, restrictions on or delays to our future financing transactions offshore, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

In addition, according to the Special Administrative Measures for Market Access of Foreign Investment (2024), or the 2024 Negative List, promulgated by the Ministry of Commerce and the NDRC and took effect on November 1, 2024, domestic enterprises engaged in activities in any field prohibited from foreign investment under the 2024 Negative List shall be subject to review and approval by the authorities when listing and trading overseas. Furthermore, the Enterprise Mid- and Long-Term Foreign Debt Registration Administrative Measures, effective February 10, 2023, established a foreign debt approval registration system that replaced the foreign debt filing registration system under the NDRC Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt. As a result, a new foreign debt approval registration system that replaced the foreign debt filing registration system under the NDRC Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt. We obtained a certificate for the registration of issuances of foreign debt under the new NDRC Measures in January 2025. However, as the Enterprise Mid- and Long-Term Foreign Debt Registration Administrative Measure is recently promulgated, its interpretation and implementation shall be determined in accordance with the laws and regulations in force at the time. There is no assurance that we can register future foreign debt offerings or accomplish the required filings or other regulatory procedures in a timely manner, or at all.

If we cannot obtain the required approval or accomplish the required filings or other regulatory procedures in a timely manner for any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions, it may negatively impact our ability to further raise capital from the market or pursue restructuring or refinancing of our indebtedness. We may also face sanctions by the CSRC or other PRC regulatory agencies, which may include fines and penalties on our operations in mainland China, limitations on our operating privileges in mainland China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in mainland China, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price and listing status of our ADSs. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur.

Changes in mainland 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 operations are located in mainland China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic, social conditions and government policies in mainland China generally. In recent decades, the Chinese government has implemented a series of reform measures, including among others, emphasizing the utilization of market forces for economic reform, and the establishment of improved corporate governance in business enterprises. Meanwhile, a considerable portion of productive assets in mainland China is still owned by the government. In addition, the Chinese government also plays a significant role in regulating industry development and has extensive influence over China's economic growth through allocating resources and setting monetary and fiscal policy.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing since 2012. Any adverse changes in economic conditions in mainland China, in the policies of the Chinese government or in the laws and regulations in mainland 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 reduction in demand for our services 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.

Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. These laws and regulations are relatively new and the PRC legal system may continue to rapidly evolve. There is no assurance that the mainland China government will not intervene in or impose restrictions on the ability of iQIYI, Inc., its subsidiaries, and the variable interest entities to transfer cash or assets. To the extent cash or assets in the business is in mainland China or a mainland China entity, the funds or assets may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on the ability of iQIYI, Inc., its subsidiaries, or the variable interest entities by the mainland China government to transfer cash or assets. As of the date of this annual report, there is no equivalent or similar restriction or limitation in Hong Kong on cash or assets transfers in, or out of, our Hong Kong entities. However, if certain restrictions or limitations were to become applicable to cash or assets transfers in and out of Hong Kong entities in the future, the funds or assets in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong.

The laws and regulations of mainland China have significantly enhanced the protections afforded to various forms of foreign investments in mainland China for the past decades. 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 mainland China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations shall be determined in accordance with the laws and regulations in force at the time.

The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.

We conduct our business primarily in mainland China. Our operations in mainland China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and it may influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions, which could result in a material adverse change in our operation, and our ordinary shares and ADSs may decline in value or become worthless. Also, the PRC government has recently promulgated certain regulations and rules to exert more oversight and control over offerings that are

conducted overseas and foreign investment in mainland China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. In addition, implementation of industry-wide regulations directly targeting our operations and enhanced supervision over large internet platforms may adversely affect our business, financial condition and results of operations, and could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

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

We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity from our mainland China subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and for services of any debt we may incur. Our subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our mainland China 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. However, our mainland China subsidiaries and the variable interest entities are subject to certain restrictions with respect to paying dividends or make distributions to shareholders of our securities, or otherwise transferring any of their net assets to us. Each of our mainland China subsidiaries and the variable interest entities is 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 such entities in mainland China 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 the discretion of its board of directors. The amounts restricted also include the net assets of the variable interest entities in which we have no legal ownership. These reserves are not distributable as cash dividends. If our mainland China 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 mainland China 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 businesses, pay dividends or otherwise fund and conduct our business.

Since 2016, the People's Bank of China and SAFE have implemented a series of capital control measures, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the People's Bank of China issued the Circular on Further Clarification of Relevant Matters Relating to Offshore RMB Loans Provided by Domestic Enterprises on November 22, 2016, which provides that offshore RMB loans provided by a domestic enterprise to offshore enterprises that it holds equity interests in shall not exceed 30% of the domestic enterprise's ownership interest in the offshore enterprise. This circular may constrain our mainland China subsidiaries' ability to provide offshore loans to us. The PRC government may continue to strengthen its capital controls and our mainland China subsidiaries' dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our mainland China subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Under the Enterprise Income Tax Law and related regulations, dividends, interests, rent or royalties payable by a foreign-invested enterprise, such as our mainland China subsidiaries, to any of its foreign non-resident enterprise investors, and proceeds from any such foreign enterprise investor's disposition of assets (after deducting the net value of such assets) are subject to a 10% withholding tax, unless the foreign enterprise investor's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax.

Undistributed profits earned by foreign-invested enterprises prior to January 1, 2008 are exempted from any withholding tax. The Cayman Islands, where iQIYI, Inc., the direct parent company of our mainland China subsidiaries Beijing QIYI Century and Chongqing QIYI Tianxia Science & Technology Co., Ltd., is incorporated, does not have such a tax treaty with China. Hong Kong has a tax arrangement with China that provides for a 5% withholding tax on dividends subject to certain conditions and requirements, such as the requirement that the Hong Kong resident enterprise own at least 25% of the PRC enterprise distributing the dividend at all times within the 12-month period immediately preceding the distribution of dividends and be a "beneficial owner" of the dividends. For example, iQIYI Film Group HK Limited, which directly owns our mainland China subsidiaries iQIYI New Media, is incorporated in Hong Kong. However, if iQIYI Film Group HK Limited is not considered to be the beneficial owner of the dividends paid to it by iQIYI New Media under the tax circulars promulgated in February and October 2009, such dividends would be subject to withholding tax at a rate of 10%. If our mainland China subsidiaries declare and distribute profits to us, such payments will be subject to withholding tax, which will increase our tax liability and reduce the amount of cash available to our company.

We are subject to PRC laws and regulations governing loans to and direct investment in mainland China entities by offshore holding companies and currency conversion, which may delay or prevent us to make loans to or make additional capital contributions to our mainland China subsidiaries and the variable interest entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our mainland China subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration or filing with governmental authorities in mainland China. According to the PRC regulations on foreign-invested enterprises in mainland China, capital contributions to our mainland China subsidiaries are subject to registration with the SAMR or its local branches, the information reporting in the online enterprise registration system, and foreign exchange registration with qualified banks. In addition, (a) any foreign loan procured by our mainland China subsidiaries and the variable interest entities is required to be registered with SAFE or its local branches or filed with SAFE in its information system, and (b) each of our mainland China subsidiaries and the variable interest entities may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in the foreign investment comprehensive management information system or, as an alternative, only procure loans subject to the Risk-Weighted Approach and the Net Asset Limits (as defined below). See "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Foreign Exchange." Any loan to be provided by our company to our mainland China subsidiaries, variable interest entities and their subsidiaries with a term of more than one year must be recorded and registered by the NDRC or its local branches. We may not obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by our company to our mainland China subsidiaries and the variable interest entities. If we fail to receive such approvals or complete such registration or filing, our ability to capitalize our mainland China operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business. There is, in effect, no statutory limit on the amount of capital contribution that we can make to our mainland China subsidiaries. This is because there is no statutory limit on the amount of registered capital for our mainland China subsidiaries, and we are allowed to make capital contributions to our mainland China subsidiaries by subscribing for their initial registered capital and increased registered capital, provided that the mainland China subsidiaries complete the filing and registration procedures. With respect to loans to the mainland China subsidiaries by our company, (i) if the mainland China subsidiaries adopt the traditional foreign exchange administration mechanism, or the Current Foreign Debt Mechanism, the outstanding amount of the loans shall not exceed the difference between the total investment and the registered capital of the mainland China subsidiaries and there is, in effect, no statutory limit on the amount of loans that we can make to our mainland China subsidiaries under this circumstance because we can increase the registered capital of our mainland China subsidiaries by making capital contributions to them, subject to the completion of the required registrations, and the difference between the total investment and the registered capital will increase accordingly; and (ii) if the mainland China subsidiaries adopt the foreign exchange administration mechanism as provided in PBOC Notice No. 9, or the Notice No. 9 Foreign Debt Mechanism, the risk-weighted outstanding amount of the loans, which shall be calculated based on the formula provided in PBOC Notice No. 9, shall not exceed 200% of the net asset of the mainland China subsidiary, known as the Risk-Weighted Approach and the Net Asset Limits. According to PBOC Notice No. 9, after a transition period of one year since the promulgation of PBOC Notice No. 9, the People's Bank of China and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the People's Bank of China nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the People's Bank of China and SAFE in the future and what statutory limits will be imposed on us when providing loans to our mainland China subsidiaries. Currently, our mainland China subsidiaries have the flexibility to choose between the Current Foreign Debt Mechanism and the Notice No. 9 Foreign Debt Mechanism. However, if the Notice No. 9 Foreign Debt Mechanism, or a more stringent foreign debt mechanism becomes mandatory and our mainland China subsidiaries are no longer able to choose the Current Foreign Debt Mechanism, our ability to provide loans to our mainland China subsidiaries or the variable interest entities may be significantly limited, which may adversely affect our business, financial condition and results of operations.

Furthermore, cash transfers from our mainland China subsidiaries and the variable interest entities to entities outside of mainland China are subject to PRC government controls on currency conversion. On April 8, 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE further promulgated SAFE Circular 16, effective on June 9, 2016, which, among other things, amend certain provisions of SAFE Circular 19. SAFE Circular 16 and SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the Renminbi fund converted from their foreign exchange capitals for expenditure beyond their business scopes, and also prohibit foreign-invested enterprises from using such Renminbi fund to provide loans to persons other than affiliates unless otherwise permitted under its business scope. As a result, we are required to apply Renminbi funds converted from the net proceeds we received from our financing activities within the business scopes of our mainland China subsidiaries. In addition, remittance of dividends by a wholly foreign-owned enterprise out of mainland China is also subject to examination by the banks designated by SAFE. On October 23, 2019, SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. To the extent cash in our business is in mainland China or an entity in mainland China, such cash may not be available to fund operations or for other use outside of mainland China due

to restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the variable interest entities to transfer cash outside of the PRC. Shortages in the availability of foreign currency may temporarily delay the ability of our mainland China subsidiaries and the variable interest entities to remit sufficient foreign currency to pay dividends or make distributions to shareholder of our securities, or other payments to us, or otherwise satisfy their foreign currency denominated obligations. In view of the foregoing, to the extent cash in our business is held in mainland China or by an entity in mainland China, such cash may not be available to fund operations or for other use outside of mainland China. SAFE Circular 19, SAFE Circular 16 and other rules and regulations may significantly limit our ability to transfer to and use in mainland China any foreign currency, 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 conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. For instance, the Renminbi generally depreciated against the U.S. dollar in 2024. 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 in mainland China and by China's foreign exchange policies. We cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars 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 from the conversion. 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 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 available to us.

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

Our use of some leased properties could be challenged by third parties or governmental authorities, which may cause interruptions to our business operations.

As of the date of this annual report, some of the lessors of our properties we lease in mainland China have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the governmental authorities, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or other parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Although we may seek damages from such lessors, such leases may be void and we may be forced to relocate. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

In addition, a substantial portion of our leasehold interests in leased properties have not been registered with the PRC governmental authorities as required by PRC laws. The failure to register leasehold interests may expose us to potential warnings and penalties up to RMB10,000 per unregistered leased property.

The enforcement of the labor-related regulations in mainland China and Hong Kong may adversely affect our business and results of operations.

The Standing Committee of the National People's Congress enacted the PRC Labor Contract Law in 2008, and amended it on December 28, 2012. The PRC Labor Contract Law introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous PRC labor laws. Under the PRC Labor Contract Law, an employer is obligated to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered

into twice consecutively, the resulting contract, with certain exceptions, must have an unlimited term, subject to certain exceptions. With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, the PRC governmental authorities have continued to introduce various new labor-related regulations since the effectiveness of the PRC Labor Contract Law.

Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds and employers are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees. If we fail to make adequate social insurance and housing fund contributions, we may be subject to fines and legal sanctions, and our business, financial conditions and results of operations may be adversely affected.

In Hong Kong, employers are required to select and join a provident fund scheme in accordance with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong and to make contributions to the provident fund scheme based on the minimum statutory contribution requirement of 5% of the eligible employees' relevant aggregate income, subject to a capped amount. Any non-compliance with statutory requirements with respect to our employees located in Hong Kong may result in enforcement being taken by the authorities, which could lead to financial penalties or imprisonment.

These laws designed to enhance labor protection tend to increase our labor costs. In addition, as the interpretation and implementation of these regulations are still evolving, our employment practices may not be at all times be deemed in compliance with the regulations. As a result, we could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

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

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements that the approval from the Ministry of Commerce be obtained in circumstances where overseas companies established or controlled by mainland China enterprises or natural persons acquire an affiliated mainland China domestic enterprise. After the Foreign Investment Law and the Regulation on Implementing the Foreign Investment Law took effect on January 1, 2020, the provisions of the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and the Regulation on Implementing the Foreign Investment Law. Moreover, the Anti-Monopoly Law requires that the SAMR (formerly the Ministry of Commerce) shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce that took effect in September 2011 and the Measures for the Security Review of Foreign Investment promulgated by the NDRC and the Ministry of Commerce in December 2020 have established procedures and requirements that are expected to make merger and acquisition activities in mainland China by foreign investors increasingly time-consuming and complex. These rules specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the competent authority, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the competent authority 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 mainland China subsidiaries to liability or penalties, limit our ability to inject capital into our mainland China subsidiaries, limit our mainland China subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents or entities' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose

vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

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

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our mainland China subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our mainland China subsidiaries. Moreover, failure to comply with SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

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

If the chops of our mainland China subsidiaries and the variable interest entities are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

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

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

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in mainland China for a continuous period of not less than one year, subject to limited exceptions, and who have been granted share-based awards by our company, may follow the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, promulgated by SAFE in 2012. Pursuant to the 2012 SAFE notices, PRC citizens and non-PRC citizens who reside in mainland 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 mainland China 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, our directors, our executive officers and other employees who are PRC citizens or who reside in mainland China for a continuous period of not less than one year and who have been granted share-based awards are subject to these regulations since we have become an overseas listed company. Failure to complete the SAFE registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our mainland China subsidiaries and limit our mainland China subsidiaries' ability to distribute dividends to us. We have completed filing with the competent SAFE branch for our equity incentive plans and are required to update our filing periodically or in the event of any material changes. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our

directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Employment and Social Welfare—Employee Stock Incentive Plan."

The State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in mainland China who exercise or transfer share options or are granted restricted shares will be subject to mainland China individual income tax. Our mainland China subsidiaries have obligations to file documents related to employee share options or restricted shares with the tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to the applicable laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Employment and Social Welfare—Employee Stock Incentive Plan."

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

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of mainland China with its "de facto management body" within mainland China is considered a "resident enterprise" and will be subject to mainland China 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 issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a mainland China-controlled enterprise that is incorporated offshore is located in mainland China. Although this circular only applies to offshore enterprises controlled by mainland China enterprises or mainland China enterprise groups, not those controlled by mainland China individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a mainland China enterprise or a mainland China enterprise group will be regarded as a mainland China tax resident by virtue of having its "de facto management body" in mainland China and will be subject to mainland China 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 mainland China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in mainland China; and (iv) at least 50% of voting board members or senior executives habitually reside in mainland China.

We believe none of our entities outside of China is a mainland China resident enterprise for mainland China tax purposes. However, the tax resident status of an enterprise is subject to determination by the mainland China tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the mainland China tax authorities determine that iQIYI, Inc. is a mainland China resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from interest or dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ordinary shares or ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to mainland China tax at a rate of 10% on gains realized on the sale or other disposition of the ADSs or ordinary shares, if such income is treated as sourced from within mainland China. Furthermore, if mainland China tax authorities determine that we are a mainland China resident enterprise for enterprise income tax purposes, interest or dividends paid to our non-mainland China individual shareholders (including our ADS holders) and any gain realized on the transfer of the ADSs or ordinary shares by such holders may be subject to mainland China tax at a rate of 20% (which, in the case of interest or dividends, may be subject to withholding at source), if such gain is deemed to be from mainland China sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-mainland China shareholders of iQIYI, Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and mainland China in the event that iQIYI, Inc. is treated as a mainland China resident enterprise. Any such tax may reduce the returns on your investment in the ADSs.

Any failure or perceived failure to comply with the anti-monopoly, anti-unfair competition, and consumer rights protection laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

The PRC government has adopted a series of anti-monopoly and anti-unfair competition laws and regulations and has recently enhanced its enforcement of such laws and regulations. The PRC Anti-monopoly Law and the implementing rules (i) require that where concentration of undertakings reaches the filing threshold stipulated by the State Council, a filing must be made with the anti-monopoly authority before the parties implement the concentration, (ii) prohibit a business operator with a dominant market position from abusing such position, such as by selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, or refusing to trade with a trading party without any justifiable

cause, and (iii) prohibit business operators from entering into monopoly agreements, which refer to agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of commodities for resale to third parties, unless the agreements satisfy certain exemptions under the PRC Anti-monopoly Law. Furthermore, in February 2021, the Anti-monopoly Commission of the State Council officially promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector. The guidelines prohibit certain monopolistic acts of internet platforms so as to protect market competition and safeguard the interests of users and undertakings participating in the internet platform economy, including, without limitation, prohibiting platforms with a dominant position from abusing their market dominance (such as discriminating against customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology to block competitors' interfaces, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the guidelines also reinforce antitrust merger review for internet platform related transactions to safeguard market competition. As the guidelines were newly promulgated, it is still uncertain how they will impact on our business, financial condition, results of operations and prospects. On August 1, 2022, the Standing Committee further amended the Anti-Monopoly Law, which, among other things, (i) emphasized that business operators with a dominant market position shall not engage in any conduct of abusing a dominant market position by utilizing data and algorithm, technology, and platform rules, (ii) increased the fines on business operators for illegal concentration to "no more than ten percent of the preceding year's sales revenue of the business operators if the concentration of business operators has or may have an effect of excluding or limiting competition; or a fine of up to RMB5 million if the concentration of business operators does not have an effect of excluding or limiting competition," and (iii) increased the fines on business operators that reaching monopoly agreements to "no less than one percent but no more than ten percent of the preceding year's sales revenue of the business operators, or a fine of up to RMB5 million if no sales revenue in the preceding year; and if such monopoly agreements have not been implemented, a fine of up to RMB3 million."

According to the PRC Anti-unfair Competition Law, unfair competition, which refers to the production and operating activities where the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the PRC Anti-unfair Competition Law, shall be prohibited. Pursuant to the PRC Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the PRC Anti-unfair Competition Law may be subject to civil, administrative or criminal liabilities depending on the specific circumstances.

In practice, the PRC governmental authority also strengthens the supervision of monopoly and other unfair competition acts, activities infringing consumer rights, and requests to establish a new order of the platform economy. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce, the NDRC, and the former State Administration for Industry and Commerce, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. In December 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization, which grants authorities to its provincial branches to conduct anti-monopoly enforcement within their respective jurisdictions. In September 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators, which requires operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. In particular, the PRC regulators have been increasingly focused on inspection and regulation on potential noncompliance with anti-unfair competition and anti-monopoly related laws recently. For example, in April 2021, the SAMR, the CAC and the State Administration of Taxation, held an administrative guidance meeting for internet platform enterprises. During the meeting, it was pointed out that illegal activities including, among others, forcing the implementation of "choose one" among the enterprise and its competitors, abusing dominant market position, "cash burning" to seize the "community group buying" market, making use of big data analysis to the disadvantage of existing customers, shall be prohibited and rectified. In addition, many platforms, including 34 enterprises which attended such administrative guidance meeting as representatives of internet platform enterprises, are required to conduct a comprehensive self-inspection and make necessary rectification accordingly. The competent administration for market regulation will organize and conduct inspections on the platforms' rectification results. If the platforms are found to conduct illegal activities including forcing the implementation of "choose one" among them and their competitors, abusing dominant market position, infringing consumers rights and interests, among others, they will be imposed with more severe penalties in accordance with the laws. We have conducted necessary self-inspection and rectifications in accordance with such guidance and completed rectification procedures, such as filing of concentration notification for our past investments and M&A deals. In addition, China Consumers' Associations and other local consumers' associations, who have the authority to bring civil public interest lawsuit and make complains to the governmental authorities, have been targeting large platforms more frequently. Complaints made by consumers' associations may lead to negative publicity, and increase the risk of governmental investigations and public interest lawsuits.

We cannot guarantee you that we will not be subject to more similar or even stricter rectification requests from the governmental authorities or that we will fully comply with all applicable rules and regulations at all times. As a result of the regulators' focus on anti-monopoly and anti-unfair competition compliance and consumer rights protection and enhanced regulation of platform enterprises, our business practice and expansion strategy may be subject to heightened regulatory scrutiny. In order to comply with existing laws and

regulations and new laws and regulations that may be enacted in the future, we may need to devote significant resources and efforts, including restructuring affected businesses, adjusting investment activities and adjusting our business strategy, which may adversely affect our business operation, growth prospects and reputation. In addition, we cannot assure you that our efforts are sufficient to comply with the all the applicable laws and regulations on anti-monopoly, anti-unfair competition and consumer rights protection, and the authorities' requirements in all respects. Any anti-monopoly, anti-unfair competition or consumer rights protection related lawsuit, regulatory investigations or administrative proceedings initiated against us could also result in our being subject to regulatory actions, significant fines, and constraints on our investments and acquisitions, which could include forced termination of any agreements or transactions, required divestitures, or limitations on certain pricing and business practices or significant fines. As a result, we may be subject to significant difficulties in operating our current business and pursuing our operation, investment and acquisition strategy.

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

The difficulty of cross-border supervision and administration is common in many territories, including mainland China. Although the authorities in mainland China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which took effect in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of mainland China and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business overseas. In addition, the Data Security Law and the PRC Personal Information Protection Law provide that no entity or individual within the territory of mainland China shall provide any foreign judicial body and law enforcement body with any data or any personal information stored within the territory of mainland China without the approval of the competent governmental authority of the PRC. While detailed interpretation of or implementation rules under these laws have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within mainland China, and restrictions on the provision of documents, materials, data and personal information by PRC entities and individuals to an overseas securities regulator, foreign judicial body or foreign law enforcement body may further increase difficulties faced by you in protecting your interests.

If we were to become subject to the U.S. Department of the Treasury's final rule on outbound investment in the future, our ability to raise capital from U.S. persons could be restricted.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, referred to as the Final Rule, to implement the executive order of August 9, 2023. The Final Rule became effective on January 2, 2025. It imposes investment prohibition and notification requirements on U.S. persons for certain investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as the Covered Foreign Persons. U.S. persons subject to the Final Rule are in some instances prohibited altogether from making, and in other instances required to report, certain investments in the Covered Foreign Persons.

We believe we are not a "Covered Foreign Person" as defined in the Final Rule. However, if we were deemed to be a Covered Foreign Person in the future due to changes in our business operations or amendments to relevant laws and regulations or the interpretation thereof, at which time restrictions on U.S. persons (as defined under the Final Rule) could significantly and negatively affect our ability to raise capital, in which case the trading price of our ADSs may be materially and adversely affected.

Risks Related to Our ADSs

The trading price of our ADSs has been and is likely to continue to be volatile regardless of our operating performance.

Since our ADSs became listed on the Nasdaq Global Select Market on March 29, 2018, the trading price of our ADSs has fluctuated significantly. The market price for our ADSs may continue to be volatile and subject to wide fluctuations in response to factors including, but not limited to, the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- changes in financial estimates by securities research analysts;
- conditions in online entertainment markets;
- announcements of new investments, acquisitions by our company or our competitors, strategic partnerships, joint ventures or capital commitments;

- addition or departure of key personnel;
- fluctuations of exchange rates between RMB and the U.S. dollar;
- litigation, government investigation or other legal or regulatory proceeding; and general economic or political conditions in mainland China or elsewhere in the world.

In addition, the stock market in general, and the performance and fluctuation of the market prices for internet-related companies and other companies with operations mainly in mainland China in particular, may affect the volatility in the prices of and trading volumes for our ADSs. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility that often has been unrelated to the operating performance of such companies, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis, the ensuing economic recessions and deterioration in the credit market in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our ADSs. Volatility or a lack of positive performance in the price of our ADSs may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

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.

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

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, the market price for our 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 of or trading volume for our ADSs to decline.

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

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

Public companies listed in the United States that have a substantial majority of their operations in mainland 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 SEC enforcement actions.

We had historically been, and may in the future be, the subject of unfavorable allegations made by short sellers. Any such allegations may be followed by periods of instability in the market price of our ordinary shares and ADSs and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and 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 short seller by principles of

freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholder's equity, and the value of any investment in our ADSs could be greatly diminished.

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

We currently intend to retain most, if not all, of our available funds and any future earnings 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 our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by our company from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return to ADS holders will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which ADS holders purchased the ADSs.

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

Holders of our ADSs will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, ADS holders must vote by giving voting instructions to the depositary. If we ask for instructions of ADS holders, then upon receipt of such voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depositary to ask for instructions of ADS holders, the depositary may still vote in accordance with instructions given by holders of ADSs, but it is not required to do so. ADS holders will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. When a general meeting is convened, an ADS holder may not receive sufficient advance notice to withdraw the shares underlying his or her ADSs to allow such holder to vote with respect to any specific matter. If we ask for instructions of holders of ADSs, the depositary will notify ADS holders of the upcoming vote and will arrange to deliver our voting materials to ADS holders. We have agreed to give the depositary at least 30 days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that ADS holders will receive the voting materials in time to ensure that ADS holders can instruct the depositary to vote their 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 ADS holders' voting instructions. This means that an ADS holder may not be able to exercise the right to vote and may have no legal remedy if the shares underlying his or her ADSs are not voted as such holder requested.

ADS holders may experience dilution of his or her holdings due to inability to participate in rights offerings.

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

ADS holders may be subject to limitations on transfer of their ADSs

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

Certain judgments obtained against us or our directors and management 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 current operations are conducted in mainland China, and are all located outside of the Cayman Islands. Service of court documents on a Cayman Islands company can be effected by serving the documents at the company's registered office and it may be possible to enforce foreign judgments in the Cayman Islands against a Cayman Islands company, subject to some exceptions. However, if investors wish to serve documents on and/or enforce foreign judgments against our directors and officers, they will need to ensure that they comply with the rules of the jurisdiction where the directors and officers are located. In addition, all of our directors and executive officers are located in mainland China or Hong Kong as of the date of this annual report. As a result, it may be difficult 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, mainland China and Hong Kong may render you unable to enforce a judgment against our assets or the assets of our directors and officers, depending on where our directors and officers are located. You may also experience difficulties in enforcing judgments of the United States courts obtained against us or our directors or executive officers in mainland China or Hong Kong as the United States and mainland China or Hong Kong do not have a bilateral treaty or multilateral convention in force on reciprocal recognition and enforcement of judgments. As a result, any United States judgment may only be enforceable in mainland China or Hong Kong provided that the conditions set forth in the laws of these jurisdictions are determined by the courts of mainland China or Hong Kong, as applicable, to have been fulfilled. For details of the limitations relating to the enforceability of civil liabilities, see "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities."

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited (depending on the remedies you are seeking), because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent also governed by our memorandum and articles of association, the Companies Act and 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 compared to the United States) as well as from the common law of England, the decisions of the English courts are of highly persuasive authority, but are not binding, on a court in the Cayman Islands (except for those decisions handed down from the Judicial Committee of the Privy Council to the extent that these have been appealed from the Cayman Islands courts). The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are broadly similar to those in other common law jurisdictions, but there may be differences in the statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different 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, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies with limited liability like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by shareholders) or to obtain copies of lists of shareholders of these companies. Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

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

Since we are a Cayman Islands exempted company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States.

Under the laws of some jurisdictions in the United States, majority and controlling shareholders generally have certain fiduciary responsibilities to the minority shareholders. Shareholder action must be taken in good faith, and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Cayman Islands law protecting the interests of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in some U.S. jurisdictions. In addition, the circumstances in which a shareholder of a Cayman Islands company may sue the company derivatively, and the procedures and

defenses that may be available to the company, may result in the rights of shareholders of a Cayman Islands company being more limited than those of shareholders of a company organized in the United States.

Furthermore, our directors have the power to take certain actions without shareholder approval which would require shareholder approval under the laws of most U.S. jurisdictions. The directors of a Cayman Islands company, without shareholder approval, may implement a sale of any assets, property, part of the business, or securities of the company. Our ability to create and issue new classes or series of shares without shareholders' approval could have the effect of delaying, deterring or preventing a change in control without any further action by our shareholders, including a tender offer to purchase our ordinary shares at a premium over then current market prices.

Our dual-class voting structure limits your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our ADSs may view as beneficial.

Our authorized and issued ordinary shares are divided into Class A ordinary shares and Class B ordinary shares (and a further class of authorized but undesignated shares). Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share.

Due to the disparate voting powers attached to these two classes of ordinary shares, Baidu, holder of our Class B ordinary shares, held approximately 45.2% of our total issued and outstanding ordinary shares and 89.2% of the voting power of our outstanding shares as of February 28, 2025. Therefore, Baidu has decisive influence over matters requiring shareholders' approval, including election of directors and significant corporate transactions, such as a merger or sale of our company or our assets. This concentrated control limits the ability of holders of Class A ordinary shares and ADSs 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.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

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

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

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) 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; (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and (v) certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

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

In addition, as a foreign private issuer whose securities are listed on the Nasdaq Global Select Market, we are permitted to follow certain home country corporate governance practices in lieu of the requirements of the Nasdaq Rules pursuant to Nasdaq Rule 5615(a) (3), which provides for such exemption to compliance with the Nasdaq Rule 5600 Series. We rely on the exemption available to foreign private issuers for the requirement under Nasdaq Rule 5605(c)(2)(A)(i) that each member of the audit committee must be an independent director as defined under Nasdaq Rule 5605(a)(2). Mr. Weijian Shan and Mr. Fei Qi, who are non-voting members of our audit committee, are not independent directors as defined under Nasdaq Rule 5605(a)(2). In addition, we follow home country practice with respect to annual shareholders meetings and did not hold an annual meeting of shareholders in 2024. Furthermore, Nasdaq Rule 5635(c) requires shareholder approval prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants. We elected to follow our home country practice and did not obtain shareholder approval the amendment to our 2021 Plan. If we continue to rely on these and other exemptions available to foreign private issuers in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. Furthermore, as a result of our use of the "controlled company" exemptions, our investors will not have the same protection afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

We may be a passive foreign investment company, or PFIC, which could result in adverse U.S. federal income tax consequences for U.S. shareholders.

Generally, a non-U.S. corporation, such as our company, will be considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. For purposes of these rules, the value of certain of our assets is generally determined by reference to the market price of the ADSs and class A ordinary shares, which may fluctuate considerably.

Based on the market price of our ADSs, the value of our assets and the composition of our assets and income, we believe that we were not a PFIC for our taxable year ended December 31, 2024, and do not presently expect to be a PFIC for the 2025 taxable year or the foreseeable future. However, PFIC status is a fact-intensive determination that generally cannot be determined until after the close of the taxable year in question, and is based on that year's composition of income and assets (which could change significantly during the course of a taxable year). Fluctuations in the market price of our ADSs, for instance, may cause us to become a PFIC for the current or subsequent taxable years because the value of certain of our assets, for the purpose of the asset test, is generally determined by reference to the market price of our ADSs. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. In addition, there are uncertainties in the application of the PFIC rules to our particular circumstances. It is possible that the Internal Revenue Service, or IRS, may challenge our classification of certain income and assets or our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current or subsequent taxable years. Furthermore, we may also be a PFIC if we were not treated as the owner of the variable interest entities for U.S. tax purposes. Accordingly, no assurance can be given regarding our PFIC status for the current or any taxable year.

If we were treated as a PFIC for any taxable year during which a U.S. shareholder held an ADS or Class A ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. shareholder. See "Item 10. Additional Information—Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

Provisions of our outstanding convertible senior notes could discourage an acquisition of us by a third-party.

Certain provisions of our outstanding convertible senior notes could make it more difficult or more expensive for a third-party to acquire us. The indentures for the 2025 Notes, 2026 Notes, 2028 Notes and 2030 Notes define a "fundamental change" to include, among other things: (i) any person or group becoming a beneficial owner of our company through gaining more than 50% voting power of our ordinary share capital or more than 50% of our outstanding Class A ordinary shares; (ii) any recapitalization, reclassification or change of our ordinary shares or ADSs as a result of which these securities would be converted into, or exchanged for, stock, other securities, other property or assets or any share exchange, consolidation or merger or similar transaction pursuant to which our ordinary shares or ADSs will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or series of transaction of all or substantially all our consolidated assets, to any person other than one of our subsidiaries or variable interest entities; (iii) the adoption of any plan or proposal relating to the liquidation or dissolution of our company; (iv) our ADSs ceasing to be listed or quoted on any of The Nasdaq Global Select Market, The Nasdaq Global Market, The New York Stock Exchange (or any of their respective successors) and none of the ADSs, Class A ordinary shares, other common equity and ADSs in respect of reference property is listed or quoted on one of The Nasdaq Global Select Market, The Nasdaq Global Market, The New York Stock Exchange (or any of their respective successors) within one trading day of such cessation; or (v) any change in or amendment to the laws, regulations and rules in mainland China that prohibits us from operating substantially all of our business operations and prevents us from continuing to derive substantially all of the economic benefits from our business operations. Upon the

occurrence of a fundamental change, holders of these convertible senior notes will have the right, at their option, to require us to repurchase their notes. In the event of a fundamental change, we may also be required to issue additional ADSs upon conversion of our convertible senior notes.

Conversion of the convertible senior notes may dilute the ownership interest of existing shareholders, including holders who had previously converted their convertible senior notes.

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

The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital in the future. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We launched *qiyi.com* under the QIYI brand in April 2010 as an internet video streaming service in mainland China. Our holding company, Ding Xin, Inc., was incorporated in November 2009 in the Cayman Islands. Ding Xin, Inc. was subsequently renamed Qiyi.com, Inc. in August 2010 and later iQIYI, Inc. in November 2017. QIYI was rebranded as iQIYI in November 2011.

In March 2010, we established a wholly-owned mainland China subsidiary, Beijing QIYI Century Science and Technology Co., Ltd., or Beijing QIYI Century. In November 2011, we obtained control over Beijing Xinlian Xinde Advertisement Media Co., Ltd. and in May 2012 we renamed it Beijing iQIYI Science & Technology Co., Ltd., or Beijing iQIYI, to operate our internet video streaming services. In December 2012, Shanghai iQIYI Culture Media Co., Ltd., or Shanghai iQIYI, was established as our exclusive advertising agent. In May 2013, we acquired the online video business of PPS. We primarily provide live streaming service through Shanghai Zhong Yuan Network Co., Ltd., or Shanghai Zhong Yuan, the operating entity of PPS. We are considered as the primary beneficiary of Beijing iQIYI, Shanghai iQIYI and Shanghai Zhong Yuan as a result of a series of contractual arrangements, and have consolidated their financial results as our variable interest entities under U.S. GAAP for accounting purposes. Beijing iQIYI and Shanghai Zhong Yuan hold our VATS Licenses and other licenses and permits necessary for our business operation.

In May 2017, we established a wholly-owned Cayman Islands subsidiary, iQIYI Film Group Limited. Subsequently, we established iQIYI Film Group HK Limited in June 2017, and Beijing iQIYI New Media Science and Technology Co., Ltd. in July 2017. iQIYI Film Group Limited holds 100% of the equity of iQIYI Film Group HK Limited, which in turn holds 100% of equity in iQIYI New Media. iQIYI Pictures (Beijing) Co., Ltd., or iQIYI Pictures, was established in December 2014, and Beijing iQIYI Intelligent Entertainment Technology Co., Ltd., or Intelligent Entertainment (previously known as Beijing iQIYI Cinema Management Co., Ltd., or Beijing iQIYI Cinema), was established in June 2017. We are considered as the primary beneficiary of iQIYI Pictures and Intelligent Entertainment as a result of a series of contractual arrangements, and have consolidated their financial results as our variable interest entities under U.S. GAAP for accounting purposes.

On March 29, 2018, our ADS commenced trading on the Nasdaq Global Select Market under the symbol “IQ.”

On July 17, 2018, we completed the acquisition of 100% equity stake in Skymoons Inc. and Chengdu Skymoons Digital Entertainment Co., Ltd., the two entities that owned and operated Skymoons. The aggregate consideration consists of a fixed payment of RMB1.27 billion, as well as an additional consideration valued at RMB730 million as of June 30, 2018, which has been delivered upon the satisfaction of the agreed upon performance benchmarks.

In January 2024, we established a mainland China subsidiary, Beijing iQIYI Optical Era Technology Co., Ltd., which is wholly-owned by iQIYI Film Group HK Limited. Subsequently, Beijing iQIYI Yinhua Media Co., Ltd., or iQIYI Yinhua, was established in January 2024. We are considered as the primary beneficiary of iQIYI Yinhua as a result of a series of contractual arrangements, and have consolidated its financial results as our variable interest entity under U.S. GAAP for accounting purposes.

Our principal executive offices are located at 4/F, iQIYI Youth Center, Yoolee Plaza, No. 21, North Road of Workers' Stadium, Chaoyang District, Beijing, 100027 People's Republic of China. Our telephone number at this address is +86 10 6267-7171. Our registered office in the Cayman Islands is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States in connection with the registration statement on Form F-3 is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on *www.sec.gov*. You can also find information on our website *http://ir.iqiyi.com*. The information contained on our website is not a part of this annual report.

B. BUSINESS OVERVIEW

iQIYI is a leading provider of online entertainment video services in mainland China. Since the beginning, we have always put *content* and *users* at the center, orienting each of our business strategies around delivering superior-quality content and user-friendly entertainment experience. Artistically crafted and imbued with industry expertise distilled from over a decade of operational experience, many iQIYI original titles have secured their places among the most successful IP franchises in the history of Chinese popular entertainment. Designed and refined by our engineers with a deep understanding of the evolving user preferences, our products continue to offer superior entertainment experience for users.

Our platform features a variety of premium video content, in particular iQIYI original dramas and shows. With in-house studios spearheading our original content production, we are home to many acclaimed original drama series and variety show franchises, and have successfully serialized our original content into blockbuster sequels to accumulate and amplify IP value over time. Our in-house content production studios, together with our experienced supporting teams, help us industrialize content production, amass creative talents and produce premium content efficiently. Our original content also includes content produced in collaboration with third-party partners. With valuable experience gained over the past years, we have produced high-quality content that has been well received by the market. In 2024, iQIYI original drama series served as the main driver for premium content supply, accounting for 90% of the newly released drama series with iQIYI popularity index score of over 9,000. We also expand our content offerings through licenses, revenue-sharing, and barter transactions, which supplement our original content. As of December 31, 2024, our comprehensive and diversified video content library boasted over 40,000 professionally produced long-form content titles, including drama series, variety shows, films, cartoons, animations, and others, along with approximately 10,000 mini-dramas.

We have developed diversified monetization models. We generate revenues through membership services, online advertising services and a suite of other monetization methods. Our monetization model fosters an environment for high-quality content production and effective content distribution on our platform, which in turn attracts a large subscriber base of high user engagement, creating a virtuous cycle. Our membership services contribute a significant portion of our revenues. We aim to enhance membership value in order to drive the loyalty, retention and lifetime value of members on our platform.

Our Products and Services

We provide our users with a variety of products and services encompassing online video, online games, online literature, comics, and others.

Videos

We produce, aggregate and distribute a wide variety of long-form videos. Our content ecosystem is further enriched by a broad spectrum of mini and short dramas, as well as a diverse range of other videos. Our extensive portfolio encompasses primarily iQIYI original content and licensed content.

Long-form Videos

iQIYI original content

Driven by our long-term commitment to original content, we have established a unique and effective methodology for both original content production and operations. Powered by a strong team of professionals and supported by a mature and highly efficient operating mechanism, our methodology covers everything from content creation to production and post-broadcasting. We have achieved a breakthrough in original content as evidenced by the scores tracked by iQIYI popularity index, which is our internal indicator of content popularity. To date, we have had 16 dramas that achieved over 10,000 iQIYI popularity index scores, of which three were released in 2024.

Our original content includes content produced in-house and content produced in collaboration with third-party partners. We have a diversified portfolio that includes:

- Original dramas, such as *War of Faith (追风者)*, *Strange Tales of Tang Dynasty II To the West (唐朝诡事录之西行)*, and *Drifting Away (漂白)* which broke our internal 10,000 iQIYI popularity index score;
- Variety shows, such as the multi-season *The Rap of China (新说唱), Become A Farmer (种地吧)*, and new IP *The King of Stand-up Comedy (喜剧之王单口季)*;
- Movies, such as *The Comeback (零号追杀), Rob & Roll (临时劫案), and Wolf Hiding (怒潮)*; and
- Cartoons and animations, such as the multi-season *Deer Squad (无敌鹿战队)* and *Princess Doremi (音乐公主爱美莉),* the long-running *The Great Ruler (大主宰年番),* and new IP *How Dare You (成何体统)*.

iQIYI obtains the IP through production, adaptation or purchase from third parties, while the partners, typically established entertainment production companies, are responsible for content development and production. iQIYI maintains a high degree of control during the content development and production process.

We also adapt video IP into multiple entertainment products, such as online games, animations, online literature, and derivative merchandise.

Licensed content

In addition to original content, we also provide users with a selection of professionally produced content that is produced by and licensed from third parties. Leveraging our expertise in content selection, we have successfully debuted well-received titles such as the drama series *We Are Criminal Police (我是刑警)*, *A Journey to Love (一念关山)*, *A Lifelong Journey (人世间)*, and the variety show *Keep Running (奔跑吧)*. Our licensed content library also features movies, animations, documentaries and other content.

Our licensed video content is typically procured from third parties at fixed rates for a specified term. The average term of our licenses varies depending on the type of content, with films having an average term of 14 years and drama series an average term of 15 years. Payments of licensing fees are generally made in installments upon signing of the contract and during the license period. We also exchange rights to distribute licensed content with other online video streaming services to enrich our content library. In certain cases, we have the right of first refusal to purchase new content produced by the licensor.

We leverage our content procurement team's insights and our AI-based big data analytics capabilities to optimize content procurement. We have established partnerships with content providers to ensure access to high-quality content. These partners include leading domestic drama series production companies, film production companies and TV stations, "Big Five" Hollywood production studios, and top TV networks in the U.S.

Mini and Short Dramas

Starting in 2024, we are enhancing our content offerings by strategically integrating mini and short dramas to complement our extensive long-form content portfolio. Mini dramas, featuring episodes primarily one to five minutes long, are being optimized for vertical screen viewing, while short dramas, ranging primarily five to twenty minutes per episode, are designed for horizontal or vertical screen viewing. Mini and short dramas differ from long-form videos in format, storytelling style, and audience reach, catering specifically to users seeking quick entertainment breaks.

Through introducing mini and short dramas, we aim to cater to diverse user preferences and viewing scenarios.

This diversified content approach is designed to broaden our user reach while enhancing user satisfaction and loyalty, and drive monetization opportunities over time.

Other Video Content

We also offer a broad base of other video content with all kinds of genres, formats and running times, such as internet movies and dramas, mini variety shows and animations, grassroot or influencer uploaded videos, edited video clips, and video blogs. Our other video content expands our library and allows us to capture a broader user base, drive user engagement and enhance user stickiness.

Our other video content is created and uploaded to our platform by a wide array of content providers. The content providers range from ordinary registered users, amateurs, and semiprofessional partners to internet influencers, multi-channel networks, and production studios, which collectively contribute to growing our creative user community. Content providers upload their videos onto their iQIYI partner accounts, an open platform we provide, to share, distribute and monetize their video content. We then evaluate the quality of uploaded videos through the use of AI and manual review before final approval. Users can subscribe for and follow their favorite iQIYI partner accounts.

Other Products and Services

Our other products and services include online games, literature, comics and others.

We develop and distribute online games featured in various formats to domestic and overseas users. Following our acquisition of Skymoons in July 2018, we further broadened our game offerings, especially games we develop ourselves that fully leverage the IP value in our content. We provide online literature and comics works which can be adapted into script for derivative entertainment products.

iQIYI Lite

In January 2021, we officially released the *iQIYI Lite* app, which offers users an easy and quick access to the personalized videos based on user preferences. In the fourth quarter of 2024, we revamped the *iQIYI Lite* app to focus on mini dramas. The *iQIYI Lite* app enables us to expand our total addressable market by reaching new regions and user cohorts that are not yet covered by our main app.

Overseas Business

We expand our business overseas through our multilingual iQIYI app and website, featuring popular Chinese content, commonly known as C-pop, along with a wide range of local video content and others. To cater to a diverse global audience, we currently support interfaces in approximately ten languages, ensuring a user-friendly experience for viewers worldwide. Our app is globally accessible and can be downloaded from major app stores, making it convenient for users across different countries and regions to enjoy our content offerings. Our goal for overseas business is to make our platform the home to beloved Asian content. We also seek collaboration with local partners to leverage their strong marketing capabilities and know-how in high-quality local content.

User Experience

We offer entertainment content across our user-friendly and feature-rich interfaces on our website, mobile app, smart TV and other online terminals. In our ongoing commitment to improving user experience, we have introduced multiple advancements in 2024, including upgrading our apps to feature a greater selection of mini and short dramas, and introducing “Kids Mode” on our smart TV app to curate content suitable for children. We have also upgraded our audio-visual experience with the “eXave MAX (帧绮映画MAX)” feature, which offers ultimate cinematic like experience to users who watch our content on certified television models, and with “IQHimero Sound,” which provides premium surround sound experience. Moreover, to enhance the value perception and experience for our members, we have introduced a series of value-added services and loyalty program. For example, our Express Packages enable subscribers to redeem their membership points for early access to finale episodes of hit drama series, while S-Diamond plan subscribers have unlimited access to the Express Packages with no additional costs. Additionally, during selected offline major marketing events, our loyal long-time subscribing members and S-Diamond plan subscribers have the opportunity to participate in lucky draws to win event tickets. Moreover, for merchandise offers, members can utilize their member points to either fully or partially pay for IP-related goods. These enhancements are part of our broader strategy to provide a more immersive and interactive entertainment experience across various interfaces of our platform.

Our home page is a one-stop portal for users to access both trending and recommended content. Leveraging our big data analytics, we analyze user browsing behavior to understand their tastes and preference, and dynamically update the content shown on the home page to offer users the content we think they will enjoy. Our interface offers a variety of viewing functions designed to enhance user experience. We provide various picture resolution and play options. Other key functions include bullet chat, screenshots, screen mirroring and video caching.

Monetization

We generate revenues primarily through membership services, online advertising and content distribution. We also generate revenues from other monetization methods, including online games, IP licensing, talent agency, online literature, other licensing, and more.

Membership Services

Our membership services provide subscribing members with a choice of various membership privileges. Our current membership program consists of multiple packages, tailored for individuals and families. Both individual and family packages include an ad-supported basic service tier and a standard service tier. Moreover, the family package also features a premium service tier. Each membership plan is offered at a different price and provides subscribing members with access to a large collection of subscribing members-only content comprised of long-form videos, mini and short dramas, online literature and others. Subscribing members also enjoy earlier access to certain content aired on the iQIYI platform and a bundle of viewing functions and features. Our members primarily include subscribing members and, to a lesser extent, users who gain access to our premium content library through paid video-on-demand service. We review and evaluate the scope and the price of our membership services periodically, and may adjust based on evolving market needs from time to time.

We assess and improve our membership services to better meet the evolving user demand. In 2024, we further enhanced our membership services by introducing the "Extra Member" feature, enabling monthly auto-renewing Golden VIP members to add a separate account for just RMB8 per month. Each account, both the primary and the add-on, will maintain separate user profiles to ensure an uninterrupted and personalized viewing experience.

Online Advertising

The prices of our advertising services depend upon various factors, including form and size of the advertising, level of sponsorship, popularity of the content or event in which the advertisements will be placed, and specific targeting requirements. We offer both brand advertising service and performance-based advertising service.

For brand advertising service, prices purchased by each advertiser or advertising agency are generally fixed under our sales contracts. In addition to traditional pre-video and pop-up advertisements, we have also launched various innovative advertising products and solutions: for example, soft product placement incorporates the advertised product into the production of our premium original content to facilitate a more natural advertisement viewing experience; content-integrated advertisement that integrate brands with the content itself, such as theme songs with lyrics embedding brand names of advertisers, creatively designed and presented naturally with the original content; interactive advertisement facilitates enhanced interaction between brands and users; and tailor-made microfilms, mini variety shows or documentaries for brand advertisers.

We also offer performance-based advertising, which is competitively priced through an online bidding process. This approach allows advertisers to bid for ad placements in a dynamic and market-driven environment. Our algorithms play a crucial role in maximizing the effectiveness of performance-based advertising. By analyzing user behavior and engagement patterns, these algorithms aim to deliver the advertisements to the most relevant audiences. This targeted approach not only increases the likelihood of user interaction, but also provides advertisers with measurable outcomes. By offering this flexible and results-oriented advertising model, we cater to the evolving needs of modern advertisers, providing them with more control and better alignment with their marketing objectives.

Content Distribution

We monetize and enrich our content through content distribution. We sub-license content within its authorized scope to TV stations and other internet video streaming services. We also enter into barter agreements to exchange internet broadcasting rights of licensed content with other internet video streaming services. The barter agreement provides the licensee with the right to broadcast the licensed content, and the licensor retains the right to continue broadcasting and/or sub-licensing the exchanged content. We distribute our selected content not only to third-party platforms in mainland China but also to regions outside of mainland China. We also distribute theatrical movies invested by iQIYI to offline movie theaters.

Others

Our other monetization models include online games, IP licensing, talent agency, online literature, other licensing and others.

For our online games, we distribute both games we develop ourselves and third-party games, and we monetize online games through users' in-app purchases of virtual gifts and game privileges. For IP licensing, we license our proprietary IP to third parties to develop derivative merchandise products, with a focus on long-term licensing. We also license our popular trademarks to third parties for use in their products. We collaborate with our partners generally through fixed-price licensing fees and/or revenue-sharing arrangements. We monetize our talent agency business by organizing our talents to participate in dramas, variety shows, commercial performances and brand endorsements, among others. For online literature, we monetize through advertisement and paid reading (including membership subscription) on our platform, where readers can pay to gain access to our online literary titles.

We also generate revenue from other licensing by granting rights to certain customers to re-create short-form videos for selected content assets from our existing content library over a fixed license period.

Sales and Marketing

Brand Promotion

iQIYI's brand values are youth, vitality and positivity. We believe that our high-quality video content and services lead to strong word-of-mouth referrals, which drives customer awareness of our brand in mainland China. Our market position benefits significantly from our large and high-quality user base and our strong brand recognition.

Leveraging our in-depth understanding of user behavior, we employ a variety of online marketing programs and promotional activities to build our brand as part of our overall market strategy, including celebrity endorsement, hot topic dissemination through different media outlets, brand value embedment in blockbuster content, as well as resource exchange with major internet media platforms.

We host many offline activities to enhance our brand recognition. To increase members' loyalty, we organize special events for members such as on-site visits during the show productions. We also host innovative offline marketing activities such as offline music festivals and our content IP based exhibitions.

We also execute marketing strategies aimed at young users to enhance user affinity. We leverage social media platforms and place billboards in high-traffic areas to facilitate user engagement. We attract young users by offering fan meetings, offline IP-related pop-up stores, advance screenings, among others. We also collaborate with major wireless carriers to provide monthly unlimited data package for using iQIYI app on mobile devices.

Advertising Sales

For brand advertising, we sell our advertising services primarily through third-party advertising agencies, including members of American Association of Advertising Agencies, or 4As, and leading Chinese advertising agencies, and a portion of our brand advertising services directly to advertisers. We primarily sell our performance-based advertising service through third-party advertising agencies. We strategically leverage advertising agencies' existing long-term relationships and network resources to increase our sales and expand our advertiser base. Depending on the type of advertiser and content, the duration of an advertising framework agreement is typically 12 months.

We have an experienced sales team consisting of salespeople with prior experience at Chinese internet companies, members of 4As and domestic advertising agencies. We divide our sales team by regions across the country to ensure the delivery of targeted advertising solutions. We provide regular training to our sales team to help them provide advertisers with comprehensive information about our services.

Content promotion

We employ a variety of traditional and internet promotional activities to promote our content. We deploy outdoor brand advertisements, such as display ads in subway stations. Our promotional efforts are also focused on brand advertisements placed on internet video platforms and social media campaigns. Furthermore, we also organize offline promotional events attended by popular celebrities to raise the awareness of our content offerings.

Intellectual Property and Copyright Protection

We highly value our intellectual property rights, which are fundamental to our success and competitiveness. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions to protect our intellectual property rights. As of December 31, 2024, we have applied for the registration of 10,912 patents, among which 3,219 patents of invention, 32 utility model patents and 3,987 patents of appearance have been registered in mainland China with the State Administration for Market Regulation of the PRC, or the SAMR, and 90 patents of invention and 14 patents of appearance have been registered overseas. As of December 31, 2024, we have registered 5,941 trademarks and have 190 trademarks in application in mainland China with the State Intellectual Property Office, and we also have registered 254 trademarks and have 28 trademarks in application overseas. We have also registered 496 software copyrights with the Copyright Protection Center of the PRC. As of December 31, 2024, our "爱奇艺" and "iQIYI爱奇艺" trademarks have been recognized as well-known trademarks by the SAMR.

We employ a three-phase copyright protection scheme consisting of copyright management, network monitoring, and complaint or legal action. Our proprietary copyright management system registers all procured copyrights and ensures that licensed content on our platform do not exceed its scope and term of the licensing agreement. We developed a proprietary system to detect unauthorized use of iQIYI content on other internet platforms. We also establish various other channels for copyright protection. After a user registers and before each upload, we require the user to confirm that the content to be uploaded is in compliance with the terms and conditions set forth in the user agreement, to guarantee that he or she is the copyright owner or has obtained all necessary consents and authorizations for such content. We set technical barriers to deter illegal video content extractions. We encourage our users to report pirated content, and our copyright protection team promptly removes any suspected infringing content once we receive proper notification from the legitimate copyright owner. As a major market player in the streaming entertainment industry, we also attach great value to industrial response and feedback. We actively liaise with other major internet video streaming services to form industry union and collectively protect copyright.

Content Moderation

We implement strict monitoring procedures to remove inappropriate or illegal content, including video, online literature, comics, live streaming, bullet chat and comment postings, and content from other services. Text, images and videos are screened by our content moderation team, which reviews our content on a 24/7 basis. Illegal and inappropriate content can generally be identified and removed promptly after it has been uploaded.

Our content moderation team employs systematic monitoring procedures that include machine screening and manual review based on the latest laws and regulations. Our proprietary machine identification system automatically screens text, picture and video content. The text identification system screens text content based on pre-set key words and anti-spam system; the picture identification system screens picture content based on optical character recognition and pornographic-content detection; and the video identification system screens video content based on similarity analysis against our video database to analyze each frame and each second of video content. The machine screening process may have three possible outcomes: suggesting to delete content identified as illegal or inappropriate, releasing content identified as safe, or flagging content for manual review when the system cannot make a judgment. The content moderation team manually reviews flagged content to make judgment on whether to block or to release, and the machine identification system conducts auto-learning based on the judgment from manual review. The content moderation team also conducts random screening on content that has passed the machine screening process. We regularly communicate with the government authorities to stay abreast of developments in laws and regulations to ensure compliance. We provide periodic and comprehensive training to our content moderation team to ensure and enhance their understanding of regulatory requirements.

We conduct thorough background checks on our content providers. We request entities to provide us with copies of registration information and organization code certificate, and individuals to provide us with copies of official governmental ID. We request individuals to provide a mobile phone number, which is registered with one's ID. We monitor all live content broadcast on our platform in real time using both machine screening and manual review. Despite our content moderation efforts, we may still be subject to risks arising from contents on our platform. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Videos and other content displayed on our platform may be found objectionable by PRC regulatory authorities and may subject us to penalties and other administrative actions."

Competition

We face competition for content sourcing, user traffic and advertising customers from other providers of online entertainment video services in mainland China, primarily including Tencent Video, Youku, Mango TV and Bilibili. We also compete with other internet media and entertainment services, such as mini-drama platforms, internet and social platforms and short- or mini-form video platforms, as well as major TV stations. For a discussion of risks related to competition, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We operate in a highly competitive market and we may not be able to compete effectively."

Seasonality

Seasonal fluctuations have affected, and are likely to affect our business in the future. The first and third quarters of each year typically represent the peak seasons for our membership services historically, when users tend to consume more content during Chinese New Year and summer holiday. However, the seasonal pattern of our business can be impacted by our content release schedule and other factors. For a discussion of risk related to seasonality and fluctuation of our operating results, see "Item 3. Key Information—D. Risk Factor—Risks Related to Our Business and Industry—Our quarterly operating results may fluctuate, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations."

Insurance

As required by laws and regulations in mainland China, we participate in various employee social benefits plans that are organized by municipal and provincial governments, including medical insurance, job-related injury insurance, maternity insurance and unemployment insurance. We maintain, and require our subcontractors to maintain, standard film production insurance. However, aside from this, we do not have business liability or disruption insurance coverage for our operations in mainland China. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have limited business insurance coverage."

Government Regulations

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

Regulations on Corporate Governance

On December 29, 2023, the Standing Committee of the National People's Congress promulgated the amended PRC Company Law, which came into effect on July 1, 2024. The amended PRC Company Law has made material amendments on corporate governance and shareholders' rights of PRC companies, including, among others, the statutory period for payment of registered capital, the setting of the board of directors and the board of supervisors, and the transfer of equity interests in a company.

With respect to the period for payment of the registered capital, pursuant to the amended PRC Company Law, all shareholders of a PRC limited liability company shall fully pay up the registered capital subscribed for by such shareholders within five years from the date of establishment of such PRC limited liability company, unless otherwise provided by laws and regulations. With respect to any company established before the effective date of the amended PRC Company Law, the period of capital contribution provided in its articles of association shall be amended to meet the time limit provided in the amended PRC Company Law if such period of capital contribution in its articles of association exceeds that as required by the amended PRC Company Law. With respect to any company whose period of capital contribution or amount of the registered capital is obviously abnormal, the competent governmental authority may require such company to adjust its period of capital contribution or amount of the registered capital in a timely manner. The amended PRC Company Law provides that the detailed implementation measures for the aforesaid provisions will be formulated by the State Council of the PRC. If any shareholder fails to make capital contributions on schedule and in full as provided in the articles of association, the company shall send a written notice requesting such shareholder to pay up all overdue registered capital within a grace period of no less than sixty days from the issuance date of such notice. If, upon the expiration of the foregoing grace period, such shareholder still has not fulfilled the obligation of capital contribution with respect to such overdue registered capital, the company may, upon adoption of the resolution of the board of directors, send a notice of forfeiture to such shareholder in writing. Since the issuance date of the foregoing notice, such shareholder shall forfeit the equity interests for which the capital contribution has not been paid up. The forfeited equity interests shall be transferred or canceled in accordance with the applicable laws. On July 1, 2024, the SAMR issued the Provisions of the State Council on Implementing the Registered Capital Registration and Management System under the PRC Company Law, which further specify the detailed requirements and measures of the registration and management of registered capital under the amended PRC Company Law. Pursuant to these provisions, there shall be a three-year interim period from July 1, 2024, to June 30, 2027, for the existing companies to adjust their periods of capital contribution. If the period of capital contribution of a company established before the effective date of the amended PRC Company Law exceeds the period prescribed under the amended PRC Company Law, such company shall make an adjustment within the foregoing interim period to meet the requirements under the amended PRC Company Law. The adjusted period of capital contribution shall be recorded in such company's articles of association and publicized through the national enterprise credit information publicity system in accordance with laws. If a limited liability company established before the effective date of the amended PRC Company Law fails to adjust its period of capital contribution during the interim period, the competent registration authority may require it to make adjustment within ninety days so that this company's period of capital contribution shall not exceed five years commencing from July 1, 2027, in accordance with laws.

With respect to the board of directors and the board of supervisors, the amended PRC Company Law eliminates the upper limit on the number of directors of a limited liability company and stipulates that the board of directors of a limited liability company without a board of supervisors, including an employee representative among its members, but with more than 300 employees, shall have an employee representative acting as a director, who shall be democratically elected by the company's employees through a general assembly of employees or other democratic forms. In addition, after the effective date of the amended PRC Company Law, limited liability companies, joint stock limited companies with small scale or a small number of shareholders, and wholly state-owned companies may set up an audit committee to replace the functions and powers of the board of supervisors, and such companies may not set the board of supervisors or any supervisor.

With respect to the transfer of equity interests of a limited liability company, the amended PRC Company Law stipulates that the shareholders of a limited liability company may transfer the equity interests without the consent of other shareholders, provided that

such shareholder shall notify other shareholders in writing with respect to the transfer of such equity interests. Other shareholders will be regarded as giving up the right of first refusal if they fail to reply within 30 days after receiving the written notice. If a shareholder transfers the equity interests held by it, it shall notify the company in writing to request the company (i) to change the register of shareholders and (ii) to register the change with the competent enterprise registration authority. If the company refuses or fails to respond, the transferee and transferor may file a lawsuit with the competent court.

Regulations on Foreign Investment in Mainland China

The Foreign Investment Law, effective January 1, 2020, replaced the trio of laws previously regulating foreign investment in mainland China: the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The organizational form, governance, and activities of foreign-invested enterprises are now governed, among others, by the amended PRC Company Law and the PRC Partnership Enterprise Law. Foreign-invested enterprises established before the implementation of this law may retain their existing corporate structure and governance for up to five years following its enactment.

Under the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and must comply with the "negative list." Foreign investors are prohibited from investing in restricted fields outlined in the negative list unless the specified conditions are met. The law ensures that foreign investors' investments, earnings, and other legitimate rights and interests within mainland China are protected. Furthermore, all national policies supporting enterprise development equally apply to foreign-invested enterprises.

Investment activities in mainland China by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, promulgated by the Ministry of Commerce and the NDRC. This catalogue classifies industries into three categories with regard to foreign investment: "encouraged," "restricted," and "prohibited." Industries not listed in this catalogue are deemed permitted areas for foreign investments and are generally open to foreign investment unless specifically restricted by other PRC regulations. On September 9, 2024, the NDRC and the Ministry of Commerce promulgated the 2024 Negative List, which replaced the 2021 Negative List. According to the 2024 Negative List, the ultimate foreign equity ownership of entities that engage in value-added telecommunications business (except for e-commerce, domestic multi-party communication, storage and forwarding and call center) may not exceed 50%. In addition, foreign investments in internet cultural business (except for music), internet audio-video program business, radio and television program production and operation business, production of audio-video products and/or electronic publications and film production and distribution business are prohibited. However, foreign investors are allowed to hold up to 100% of equity interests in an online data processing and transaction processing business (including e-commerce business operation) in mainland China.

On December 19, 2020, the NDRC and the Ministry of Commerce jointly promulgated the Measures on the Security Review of Foreign Investment, effective January 18, 2021, introducing a security review mechanism for foreign investments. This mechanism outlines the types of investments subject to review, as well as review scopes and procedures. The Office of the Working Mechanism of the Security Review of Foreign Investment, established under the NDRC, leads these efforts in coordination with the Ministry of Commerce. Foreign investors or relevant parties in mainland China must declare security reviews to this office before (i) investing in military industries, military-supporting fields or areas related to national defense security, as well as areas surrounding military or military industry facilities, and (ii) investing in critical sectors, including important agricultural products, energy and resources, equipment manufacturing, infrastructure, transportation services, cultural products and services, information technology and internet products, financial services, and key technologies, if such investments result in obtaining control of the target enterprise. Control is defined as (i) holding over 50% equity interests in the target, (ii) having voting rights that materially impact board or shareholder resolutions despite holding less than 50% equity, or (iii) having significant influence over the target's business decisions, human resources, accounting or technology.

To comply with mainland China's regulatory requirements, we operate a substantial portion of our business through the variable interest entities and their subsidiaries. We rely on contractual arrangements among our mainland China subsidiaries, the variable interest entities, and their nominee shareholders to control the business operations of the variable interest entities. For associated risks, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the variable interest entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control" and "—The shareholders of the variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition."

Regulations on Value-added Telecommunications Services

On September 25, 2000, the State Council promulgated the PRC Telecommunications Regulations, which were most recently amended on February 6, 2016. These regulations distinguish between basic telecommunications services and value-added telecommunications services. The regulations define value-added telecommunications services as telecommunications and information

services provided through public network infrastructures. Pursuant to the regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT or its provincial counterparts.

The Catalog of Telecommunications Business, issued as an attachment to the PRC Telecommunications Regulations and most recently amended on June 6, 2019, further categorizes value-added telecommunications services into two classes: Class 1 value-added telecommunications services and Class 2 value-added telecommunications services. Information services provided via cable networks, mobile networks, or the internet fall within Class 2 value-added telecommunications services.

The Administrative Measures for Internet Information Services, promulgated by the State Council on September 25, 2000, and amended on January 8, 2011, provide guidelines for the provision of internet content services. Under these measures, internet content services are classified into commercial internet content services and non-commercial internet content services. All commercial internet content providers must obtain a Value-added Telecommunications Business Operation License for Internet Information Service, which is commonly referred to as an ICP License, from the telecommunications authorities.

On July 3, 2017, the MIIT issued the Measures on the Administration of Telecommunications Business Operating Permits, effective September 1, 2017, to supplement the PRC Telecommunications Regulations and further regulate telecommunications business permits. These measures outline the types of licenses required to operate value-added telecommunications services, as well as the qualifications and procedures for obtaining such licenses. They also specify that operators providing value-added telecommunications services in multiple provinces must obtain an inter-regional license, while operators providing value-added telecommunications services within a single province must obtain an intra-provincial license. Any telecommunications services operator must conduct its business in compliance with the specifications set out in its license.

We engage in business activities categorized as value-added telecommunications services under the PRC Telecommunications Regulations and the Catalog of Telecommunications Business. To comply with these laws and regulations, Beijing iQIYI, Shanghai Zhong Yuan, and Chengdu Skymoons Digital Entertainment Co., Ltd. have each obtained an ICP License, which will remain effective until September 8, 2026, May 11, 2026, and May 12, 2027, respectively. Beijing iQIYI has obtained a VATS License for internet data center, content distribution, internet access services, and information services other than internet information services, which remains effective until October 8, 2027.

Regulations on Internet Content Providers

The Administrative Measures for Internet Information Services set out guidelines on the provision of internet content services. These measures specify that internet content services related to news, publications, education, medical and healthcare, pharmacy, and medical appliances, among others, are required to be examined, approved, and regulated by the authorities. Internet information providers are prohibited from offering services outside the scope of their licenses or filings. Furthermore, the measures list prohibited content. Internet information providers are forbidden from producing, copying, publishing, or distributing content that is humiliating, defamatory, or infringes the legal rights of others. Providers that violate these rules may face criminal charges or administrative sanctions. Internet information providers must monitor and control the content posted on their websites. If prohibited content is found, it must be immediately removed, and a record must be kept and reported to the authorities.

On December 15, 2019, the Office of the Central Cyberspace Affairs Commission promulgated the Provisions on the Governance of Network Information Content Ecology. According to the provisions, content platforms must establish a mechanism for ecological governance of network information content, develop detailed rules for governance, and improve systems for user registration, account management, information release examination, and posts and comments examination. If a content platform violates these provisions, the competent cyberspace authorities may hold interviews, issue warnings, and order the platform to rectify the situation within a specified timeframe. If the platform fails to comply or if the circumstances are severe, the authorities may order the suspension of the platform's information updates and impose other penalties.

As a provider of commercial internet content services, we are required to comply with these provisions. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Videos and other content displayed on our platform may be found objectionable by PRC regulatory authorities and may subject us to penalties and other administrative actions."

Regulations on Internet Audio-video Program Services

On December 20, 2007, the Ministry of Information Industry and the State Administration of Radio, Film and Television jointly issued the Administrative Provisions for the Internet Audio-video Program Services, which took effect on January 31, 2008 and was amended on August 28, 2015. The provisions define "internet audio-video program services" as producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to third parties. Entities providing internet audio-video program services must obtain an Internet Audio-video

Program Transmission License. Applicants for such licenses shall be state-owned or state-controlled entities unless an internet audio-video program transmission license was obtained prior to the effectiveness of the provisions in accordance with the then-in-effect laws and regulations. According to the Official Answers to Press Questions Regarding the Internet Audio-video Program Regulations published by the State Administration of Radio, Film and Television on February 3, 2008, the State Administration of Radio, Film and Television and the Ministry of Information Industry clarified that providers of internet audio-video program services who had legally engaged in such services prior to the adoption of the provisions, provided they have not been in violation of laws and regulations, shall be eligible to re-register and continue operations of internet audio-video program services. This policy was later reflected in the Notice on Relevant Issues Concerning Application and Approval of Audio-video Permit, issued by the State Administration of Radio, Film and Television on May 21, 2008 and amended on August 28, 2015. In addition, in accordance with the Decisions of the State Council on the Entry of Non-state-owned Capital into the Cultural Industry, promulgated by the State Council on April 13, 2005, and the Opinions on Introducing Foreign Investments to the Cultural Sector, jointly adopted by five PRC regulatory agencies and the Negative List, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

According to the provisions and other applicable laws and regulations, audio-video programs provided by entities supplying internet audio-video program services shall not contain any illegal content or other content prohibited by law, such as content that violates the basic principles of the PRC Constitution, content that damages the sovereignty of the country or national security, or content that disturbs social order or undermines social stability. An audio-video program that has already been broadcast must be retained in full for at least 60 days. Movies, television programs and other media content used as internet audio-video programs must comply with the administrative regulations on programs broadcasts through radio, movie and television channels. Entities providing services related to internet audio-video programs must immediately delete the audio-video programs violating laws and regulations, keep appropriate records, report to the proper authorities and implement other regulatory requirements.

The Categories of the Internet Audio-video Program Services (Trial) promulgated by the State Administration of Press Publication, Radio, Film and Television on March 17, 2010 and amended on March 10, 2017, classifies internet audio/visual programs into four categories: (i) Category I internet audio/video program service, which is carried out with a form of radio station or television station; (ii) Category II internet audio/video program service, including (a) re-broadcasting service of current political news audio/video programs; (b) hosting, interviewing, reporting and commenting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; (c) producing (interviewing not included) and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; (d) producing and broadcasting service of internet films/dramas; (e) aggregating and broadcasting service of films, television dramas and cartoons; (f) aggregating and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; and (g) live audio/video broadcasting service of cultural activities of common social organizations, sport events or other organization activities; (iii) Category III internet audio/video program service, including (a) aggregating service of online audio/video contents, and (b) re-broadcasting service of the audio/video programs uploaded by internet users; and (iv) Category IV internet audio/video program service, including (a) re-broadcasting of the radio/television program channels; (b) re-broadcasting of internet audio/video program channels; and (c) re-broadcasting of live internet-based audio/video programs.

On July 20, 2015, the State Administration of Press Publication, Radio, Film and Television issued the Notice on Relevant Issues concerning Implementing the Approval Works of Upgrading Mobile Internet Audio-video Program Service. The notice provides that the mobile internet audio-video program services shall be deemed internet audio-video program service. Entities which have obtained the approvals to provide the internet audio-video program services may use mobile wireless application protocol websites or mobile applications to provide audio-video program services. Entities with regulatory approvals may operate mobile applications to provide the audio-video program services. The types of the programs shall be within the permitted scope as provided in the licenses and such mobile applications shall be filed with the National Radio and Television Administration and/or the State Film Bureau. On March 16, 2018, the State Administration of Press Publication, Radio, Film and Television issued the Notice on Further Regulating the Transmission Orders of Internet Audio-video Programs. According to this notice, online platforms shall not illegally capture, edit, or reprogram audio-video programs, shall strengthen the administration of audio-video programs, such as online movie clips and trailers, shall strengthen the management of the naming or sponsorship of the various programs, and the governmental authorities shall strengthen their administration and supervision over online audio-video platforms, as well as radio and television stations on content management. Among other things, the notice requires that online audio-video platforms shall not produce or disseminate programs that distort, parody or vilify classic literary works; shall not re-edit, re-dub, or re-caption the subtitles of classic literary works, radio and television programs, network-based original audio-video programs or intercept certain program segments and splice them into new programs; and shall not disseminate edited pieces of works that distort the originals. Online platforms shall strictly supervise reprogramed videos uploaded by users and shall not facilitate the dissemination of defective audio-video programs. In addition, when receiving a complaint about defective programs from copyright owners, broadcasting agencies or producing agencies, online platforms shall immediately delete such programs.

On October 31, 2018, the State Administration of Radio and Television issued the Notice on Further Strengthening the Management of Radio and Television and Network Audio-video Programs, which stipulates that all radio and television broadcasting institutes, network audio-video program service institutes, and program production institutes must adhere to the correct political direction and strengthen value guidance; pursue people-centered creative orientation to curb bad tendencies such as pursuing celebrities, pan-entertainment and so on; persist in providing high-quality content, constantly innovate programs, and strictly control the remuneration of guests; and strengthen the governance of TV series, network series (including network movies) to promote the benign development of the industry; shall strengthen the use and management of ratings (click-through rate) survey data and resolutely crack down on ratings (click-through rate) forgeries. The notice further provides that as to main network audiovisual programs, the total remuneration of all guests in each program shall not exceed 40% of the total cost of the program, the total remuneration of main guests in each program shall not exceed 40% of the total remuneration of all guests, and information such as the names, salaries and cost proportion of the guests shall be reported to the State Administration of Radio and Television before going online. Meanwhile, the total remuneration of all actors of each TV series and network series (including network movies) shall not exceed 40% of the total cost of production, of which the total remuneration of main actors shall not exceed 70% of the total remuneration of all actors.

On December 27, 2018, the State Administration of Radio and Television issued the Notice on the Upgrading of the Network Audio-video Program Information Recording System, which added a new module called the "Main Network Movies and Teleplays Information Recording System" to the "Network Play, Micro Film and other Network Audiovisual Program Information Recording System" established in 2012. Since February 15, 2019, before the production of main network movies and teleplays (including network plays, network movies and network animations), the producers shall provide certain specified information, such as name, type, content outline, budget making, among other things. Main network movies and teleplays shall include network series (network animations) with total investment of more than RMB five million and network movies with an investment of more than RMB one million. After shooting and production of main network movies and teleplays, the producers shall provide additional information, such as the expected broadcasting platform, amount of actual investment, actor's remuneration and so on in the recording system, and submit the finished programs to the competent radio and television administrative departments. Main network series, network movies and network animations with on-line filing numbers could be broadcasted and promoted on the home pages of various audio-video program websites, or could be used for investment promotion, membership recommendation, online recommendation and program optimization of audio-video program websites. On September 2, 2021, the National Radio and Television Administration issued the Circular of the General Office of the National Radio and Television Administration on Further Strengthening the Management of Cultural Programs and Their Personnel, which stipulates that online audio-video platforms must not broadcast idol training shows or variety entertainment and reality shows featuring celebrity children. This notice also requires platforms to strictly control voting in the talent shows and not to use in programs actors and guests who have violated laws or have conducted unethical behaviors. Beijing iQIYI has obtained an Internet Audio-video Program Transmission License, which will remain effective until October 23, 2027, covering certain audio-video program services as provided in Category II and Category III. Shanghai Zhong Yuan has obtained an Internet Audio-video Program Transmission License, which will remain effective until March 23, 2026, covering certain audio-video program services as provided in Category II, Category III and Category IV.

The CAC, the Ministry of Culture and Tourism, and the National Radio and Television Administration issued the Notice on the Administrative Provisions on Online Audio-video Information Services on November 18, 2019, which stipulates that online audio-video information service providers must authenticate users' real identity information based on the organization code, identity card number, and mobile phone number, among other things. Online audio-video information service providers shall not serve users who fail to provide their real identity information. Online audio-video information service providers shall strengthen the management of the audio-video information posted by users, deploy and apply identification technologies for illegal and non-real audio and video; if any user is found to produce, post or disseminate content prohibited by laws or regulations, the transmission of such information shall be ceased, and disposal measures such as deletion shall be taken to prevent the information from spreading, and such service providers shall keep appropriate records, and report to the CAC, the Ministry of Culture and Tourism, the National Radio and Television Administration and other regulatory bodies.

Regulations on Online Live Streaming Services

On November 4, 2016, the State Internet Content Office issued the Administrative Regulations on Online Live-Streaming Services that took effect on December 1, 2016, according to which, when providing internet news information services, both online live-streaming service providers and online live-streaming publishers must obtain licenses to provide internet news information services and may only carry out internet news information services within the scope of their licenses. All online live-streaming service providers (whether or not providing internet news information services) must take certain actions to operate their services, including the establishment of platforms for monitoring live-streaming content.

On September 2, 2016, the State Administration of Press Publication, Radio, Film and Television issued the Circular on Issues concerning Strengthening the Administration of Online Live Streaming of Audio-video Programs, according to which, the Internet Audio-video Program Transmission License is a prerequisite for online audio-video live streaming of general cultural events, such as

social communities, sports events, as well as important political, military, economic, social and cultural events. Information about specific activities to be streamed must be filed in advance with the provincial counterparts of the National Radio and Television Administration. Online audio-video live streaming service providers must censor and record such programs and retain them for at least 60 days for future review by the administrative departments; and they must have emergency plans in place to replace programs in violation of laws and regulations. Bullet chats are not allowed in the live streaming of major political, military, economic, social, cultural, sports and other activities and events. Special censorship must be implemented on the bullet chats during the live streaming of cultural activities, social group events, sports events, and other organized activities.

According to the Notice on Strengthening the Management of Online Show Live Streaming and E-commerce Live Streaming promulgated by the National Radio and Television Administration on November 12, 2020, live-streaming platforms for online shows are required to strengthen positive value guidance and enable those tasteful, meaningful, interesting and warm live-streaming programs to have good traffic, and to prevent the spread of the trends of wealth flaunting, money worshiping and vulgarity. In addition, the number of content reviewers a platform is required to maintain must, in principle, be no less than 1/50 of the number of live-streaming rooms. Live-streaming platforms for online shows need to manage the hosts and "virtual gifting" users based on the real-name-registration system, and users who have not registered with real names or who are minors are prohibited from virtual gifting. The live-streaming platforms are required to implement a real-name registration system by real-name verification, face recognition, manual review and other measures to prevent minors from virtual gifting. The platform must limit the maximum amount of virtual gifting each user may give per transaction, day, and month. Live-streaming platforms for e-commerce must not illegally produce or broadcast any commentary programs beyond their e-commerce business scope that are unrelated to the sale of goods.

According to the Law of the PRC on the Protection of Minors (2020 Revision), which took effect on June 1, 2021, live-streaming service providers are not allowed to provide minors under age 16 with online live-streaming publisher account registration services, and must obtain consent from parents or guardians and verify the identity of minors before allowing minors aged 16 or older to register live-streaming publisher accounts.

Regulations on Mobile Applications Information Services

In addition to the PRC Telecommunications Regulations and other regulations mentioned above, mobile applications are further regulated by the Administrative Provisions on Mobile Internet Applications Information Services, which were promulgated by the CAC and took effect on August 1, 2022. According to these provisions, the CAC and its local branches are responsible for the supervision and administration of nationwide and local app information, respectively.

App providers must strictly fulfill their information security management responsibilities and perform the following duties: (i) in accordance with the principle of "real name in the background, any name in the foreground," verify the identities of registered users through mobile phone numbers and other information; (ii) establish and improve the mechanism for user information security protection, following the principles of "legality, appropriateness, and necessity" in the collection and use of personal information, clearly stating the purpose, methods, and scope of information collection, and obtaining users' consent; (iii) establish and improve the verification and management mechanisms for information content, and adopt appropriate sanctions and measures, such as warnings, limiting functions, suspending updates, and closing accounts, for releasing illegal information content, as appropriate; keep records and report them to the competent department; (iv) in accordance with the law, protect and safeguard users' "rights to know and rights to choose" during installation or use; do not enable functions such as collecting geographic location, reading address books, or using cameras or recordings without expressly informing users and obtaining their consent; do not enable functions irrelevant to the services; do not bundle or install irrelevant apps; (v) respect and protect intellectual property rights by not producing or releasing apps that violate others' rights; and (vi) keep records of user log information for 60 days.

Regulations on Production and Operation of Radio/Television Programs

On July 19, 2004, the State Administration of Radio, Film and Television promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs (the "Radio and Television Program Production Measures"), which took effect on August 20, 2004, and were amended on August 28, 2015, and October 31, 2018. The Radio and Television Program Production Measures provide that any business involved in the production or operation of radio or television programs must first obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits must conduct their business within the permitted scope outlined in the permits. In addition, foreign-invested enterprises are not allowed to engage in the services mentioned above. Both Beijing iQIYI and Shanghai Zhong Yuan have obtained the Radio and Television Program Production and Operation Permit for their respective businesses.

Regulations on Online Culture Activities

According to the Interim Administrative Provisions on Internet Culture, promulgated by the Ministry of Culture on February 17, 2011 and most recently amended on December 15, 2017, internet culture activities include: (i) the production, reproduction, import,

release, or broadcast of internet culture products (such as online music, online games, online performances, and cultural products transmitted via certain technical means and copied to the internet for dissemination); (ii) the distribution or publication of cultural products on the internet; and (iii) exhibitions, competitions, and other similar activities related to internet culture products. The provisions further classify internet cultural activities into commercial and non-commercial internet cultural activities. Entities engaging in commercial internet cultural activities must apply to the authorities for a Network Cultural Business Permit, while non-commercial entities are only required to report to the relevant cultural administration authorities within 60 days of their establishment. If any entity engages in commercial internet cultural activities without approval, the cultural administration authorities or other governmental bodies may order the entity to cease its internet cultural activities and impose penalties, including an administrative warning, fines up to RMB30,000, and inclusion on the cultural market blacklist, which may result in a credit penalty if non-compliance continues. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services, except for online music.

In accordance with the Administrative Measures for Content Self-Review by Network Culture Business Entities, issued by the Ministry of Culture on August 12, 2013, and which took effect on December 1, 2013, entities engaged in the internet cultural business must review the content of products and services before providing such content and services to the public. These entities must establish a content management system, set up departments for content management, and employ qualified personnel to ensure the legality of content. The content management system of an internet cultural business entity must specify the responsibilities, standards, and processes for content review, as well as accountability measures, and must be filed with the provincial counterpart of the Ministry of Culture and Tourism.

Regulations on Online Advertising Services

On April 24, 2015, the Standing Committee of the National People's Congress enacted the Advertising Law, which took effect on September 1, 2015, and was most recently amended on April 29, 2021. The Advertising Law increases the potential legal liability of advertising service providers and strengthens the regulation of false advertising.

On February 25, 2023, the SAMR issued the Measures for the Administration of Internet Advertising, which became effective on May 1, 2023. Both the Advertising Law and the SAMR measures require that online advertisements not interfere with users' normal internet usage. In addition, internet pop-up ads must display a "close" button prominently and ensure that the pop-up windows can be closed with one click. The SAMR measures further stipulate that all online advertisements must be marked as "advertisement" to enable viewers to easily identify them. Moreover, the SAMR measures treat paid search results as advertisements, subject to PRC advertisement laws, and require that paid search results be conspicuously labeled as advertisements on search result pages. The Advertising Law and the SAMR measures require us to conduct more stringent examinations and monitoring of our advertisers and the content of their advertisements.

Regulations on Internet Publishing

On February 4, 2016, the State Administration of Press Publication, Radio, Film and Television, and the MIIT jointly issued the Rules of the Administration of Internet Publishing Services, effective March 10, 2016. The rules define "internet publications" as digital works that are edited, produced, or processed for publication and made available to the public through the internet. These include: (i) original digital works, such as pictures, maps, games, and comics; (ii) digital works with content consistent with the type of content that has been published in media such as books, newspapers, periodicals, audio-video products, and electronic publications; (iii) digital works in the form of online databases compiled by selecting, arranging, and compiling other types of digital works; and (iv) other types of digital works as identified by the National Press and Publication Administration. Under the rules, internet operators distributing such publications are required to apply for an internet publishing license from the relevant governmental authorities and obtain approval from the National Press and Publication Administration before distributing internet publications. Shanghai Zhong Yuan currently holds an internet publishing license to publish the internet games through the internet, while Beijing iQIYI plans to apply for the internet publishing license to the extent practical.

Regulations on Online Games

Regulatory Authorities, Online Game Publications and Online Game Operations

On September 28, 2009, the General Administration of Press and Publication, together with the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications, jointly issued the Notice on Further Strengthening the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games, known as Circular 13. Circular 13 stipulates that foreign investors are prohibited from investing in online game operations in mainland China through wholly foreign-owned entities, Sino-foreign equity joint ventures, or cooperative joint ventures. They are also prohibited from exercising control or participating in the operation of PRC domestic online game businesses indirectly, such as through other joint venture companies or contractual or technical arrangements. If our contractual arrangements were

considered an "indirect means" under Circular 13 for foreign investors to control or participate in the operation of a domestic online game business, such arrangements could be challenged by the National Press and Publication Administration. We are not aware of any online game companies which use the same or similar contractual arrangements having been challenged by the General Administration of Press and Publication, the State Administration of Press Publication, Radio, Film and Television or the National Press and Publication Administration as using those contractual arrangements as an "indirect means" for foreign investors to exercise control over or participate in the operation of a domestic online game business or having been penalized or ordered to terminate operations since Circular 13 took effect. However, it is unclear whether and how Circular 13 might be interpreted or implemented in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

Pursuant to the Notice on Issuing the Provisions on the Main Functions, Internal Bodies and Staffing of the General Administration of Press and Publication (National Copyright Administration) promulgated by the General Office of the State Council on July 11, 2008, the Notice of the State Commission Office for Public Sector Reform on Interpretation of the State Commission Office for Public Sector Reform on Several Provisions relating to Animation, Online Game and Comprehensive Law Enforcement in Culture Market in the Three Provisions jointly promulgated by the Ministry of Culture, the State Administration of Radio, Film and Television and the General Administration of Press and Publication on September 7, 2009, the Notice on Issuing the Provisions on the Main Functions, Internal Bodies and Staffing of the State Administration of Press, Publication, Radio, Film and Television promulgated by the General Office of the State Council on July 11, 2013, and the Rules for the Administration for Internet Publishing Services, the General Administration of Press and Publication was responsible for the examination and approval process of online games prior to online publication, the State Administration of Press Publication, Radio, Film and Television was responsible for the approval of game registration and issuance of game publication numbers, and after the online games uploaded on the internet, online games would be administered by the Ministry of Culture. Moreover, if an online game is launched on the internet without the prior approval of the General Administration of Press and Publication, the Ministry of Culture would be responsible for guiding the cultural market law enforcement team to conduct investigation and punishment.

In March 2018, the Central Committee of the Communist Party of China issued the Plan for Deepening the Institutional Reform of the Party and State and the National People's Congress promulgated the Decision of the First Session of the Thirteenth National People's Congress on the State Council Institutional Reform Proposal, or collectively, the Institutional Reform Plans. According to the Institutional Reform Plans, the State Administration of Press Publication, Radio, Film and Television was reformed and now known as the National Radio and Television Administration under the State Council, and the responsibility of the State Administration of Press Publication, Radio, Film and Television for the approval of online game registrations and issuance of game publication numbers has been transferred to the National Press and Publication Administration, effective from March 21, 2018. Beginning in December 2018, the National Press and Publication Administration at the national level started to approve new online games.

On May 20, 2019, the Ministry of Culture and Tourism released the Notice on Adjusting the Scope of Examination and Approval regarding the Network Cultural Business Permit to Further Regulate the Approval Work, which quotes the Regulations on the Function Configuration, Internal Institutions and Staffing of the Ministry of Culture and Tourism and further specifies that the Ministry of Culture and Tourism no longer assumes the responsibility for administering the industry of online games. On July 10, 2019, the Ministry of Culture and Tourism issued the Abolition Decisions on the Interim Administrative Measures for the Administration of Online Games and the Administrative Measures for Tourism Development Plan. The abolition decisions also cite the Regulations on the Function Configuration, Internal Institutions and Staffing of the Ministry of Culture and Tourism and further abolish the Interim Measures for the Administration of Online Games, which means that the Ministry of Culture and Tourism no longer regulates the industry of the online games. The abolition decisions reduced the regulatory burden on online game operators, as a Network Cultural Business Permit and post-operation filings are no longer required for online games, and imported online games are no longer subject to content review by the Ministry of Culture and Tourism, while a currently valid games-related Network Cultural Business Permit will remain valid until the term of the license expires.

Protection of Minors

In April 2007, the General Administration of Press and Publication and several other government authorities jointly promulgated the Notice Concerning the Protection of Minors' Physical and Mental Well-being and Implementation of Anti-addiction System on Online Games, which confirms the real-name verification scheme and anti-addiction system standard made by the General Administration of Press and Publication in previous years and requires online game operators to develop and test their anti-addiction systems from April 2007 to July 2007, after which no online games can be registered or operated without an anti-addiction system, in accordance with the notice. Since then, the governmental authorities have issued rules to restrict playtime of minors. On August 30, 2021, the National Press and Publication Administration promulgated the Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addictions among Minors, according to which all online game companies can only provide one hour of online game services to minors between 8 p.m. and 9 p.m. on Fridays, Saturdays, Sundays and legal holidays, and are not allowed to provide online game services in any form to minors in any other time.

Regulations on E-Commerce

On March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Transactions, which impose stringent requirements and obligations on online trading or service operators as well as marketplace platform providers. For example, marketplace platform providers are obligated to examine the legal status of each third-party merchant selling products or services on their platforms and display on a prominent location on a merchant's web page the information stated in the merchant's business license or a link to its business license. On December 24, 2014, the Ministry of Commerce promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) to regulate the formulation, revision and enforcement of transaction rules for online retail marketplace platforms.

The Standing Committee of the National People's Congress enacted the PRC E-Commerce Law on August 31, 2018, which took effect 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 their own 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.

According to the Notice on Lifting the Restriction to Foreign Shareholding Percentage in Online Data Processing and Transaction Processing Business (Operational E-commerce) promulgated by the MIIT on June 19, 2015, as well as the Negative List, foreign investors are allowed to hold up to 100% of all equity interest in the online data processing and transaction processing business (operational e-commerce) in mainland China. An e-commerce operator shall obtain a license for value-added telecommunications services with the specification of online data processing and transaction processing business from appropriate telecommunications authorities, pursuant to the PRC Telecommunications Regulations and the Catalog of Telecommunications Business.

The Consumer Protection Law, which was promulgated by the Standing Committee of the National People's Congress on October 31, 1993 and was most recently amended on October 25, 2013, sets out the obligations of business operators and the rights and interests of the consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers' purchase of goods or acceptance of services on online platforms and the platform operators fail to provide consumers with authentic contact information of the sellers or service providers. In addition, platform operators may be jointly and severally liable with the sellers and service providers if they are aware or should be aware that the sellers or the service providers are using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop this activity. On January 6, 2017, the SAMR issued the Interim Measures for No Reason Return of Online Purchased Commodities within Seven Days, which took effect on March 15, 2017 and was amended on October 23, 2020, further clarify the scope of consumers' rights to make returns without a reason, including exceptions, return procedures and online marketplace platform providers' responsibility to formulate seven-day no-reason return rules and related consumer protection systems, and supervise the merchants for compliance with these rules.

Regulations on Internet Information Security, Censorship and Privacy Protection

The PRC Cybersecurity Law, which was promulgated on November 7, 2016, by the Standing Committee of the National People's Congress and took effect on June 1, 2017, requires network operators to meet their cybersecurity obligations and take

technical and other necessary measures to protect the safety and stability of their networks. Under this law, network operators are subject to various security protection obligations, including: (i) compliance with certain obligations regarding the maintenance of internet system security; (ii) verifying users' identities before entering into agreements or providing certain services, such as information publishing or real-time communication; (iii) clearly indicating the purposes, methods, and scope of personal information collection, obtaining the consent of the individuals from whom the information is collected; (iv) strictly preserving the privacy of collected user information, establishing and maintaining systems to protect user privacy; and (v) strengthening management of information published by users, and immediately stopping the dissemination of prohibited information upon discovery, including measures such as deleting the information, preventing further dissemination, preserving records, and reporting to the relevant government agencies. In addition, the PRC Cybersecurity Law requires that critical information infrastructure operators store personal information and important data within mainland China, and any purchase of network products and services that affect or may affect national security is subject to national cybersecurity review.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which became effective in September 2021. This law provides data security and privacy obligations for entities and individuals engaged in data activities and introduces a data classification and hierarchical protection system based on the importance of data to economic and social development, as well as the potential harm to national security, public interests, or the legitimate rights and interests of individuals or organizations if the data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate protection measures must be taken for each category of data. For example, processors of important data must designate personnel and management bodies responsible for data security, carry out risk assessments on their data processing activities, and file the reports with the relevant authorities. In addition, the PRC Data Security Law provides a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information.

The PRC government promulgated the Measures for Cybersecurity Review in April 2020, which took effect in June 2020. Under these measures, critical information infrastructure operators must pass a cybersecurity review when purchasing network products and services that do or may affect national security. On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Revised Cybersecurity Review Measures, effective February 15, 2022. Pursuant to the Revised Cybersecurity Review Measures, operators of critical information infrastructure that intend to purchase network products and services that affect or may affect national security must apply for a cybersecurity review. The cybersecurity review will evaluate, among other factors, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled, or maliciously used by foreign governments after being made public, as well as cyber information security risks. The Revised Cybersecurity Review Measures set out certain general factors that will be the focus when assessing national security risks during a cybersecurity review. However, as advised by our PRC counsel, since these new laws, regulations, and rules were only recently promulgated, their interpretation and implementation will be determined according to the laws and regulations in force at the time. As of the date of this annual report, we have not been involved in any investigations or been subject to a cybersecurity review initiated by the CAC, and we have not received any inquiry, notice, warning, sanctions, or regulatory objections to our listing status from the CAC.

On July 30, 2021, the PRC State Council promulgated the Regulations on Security Protection of Critical Information Infrastructures, which took effect on September 1, 2021, and define "critical information infrastructures" as any important network facilities or information systems in key industries or fields, such as public communication and information services, energy, communications, water conservation, finance, public services, e-government affairs, and national defense science, as well as any other network facilities or information systems that may endanger national security, people's livelihood, and the public interest in the event of damage, loss of function, or data leakage. Additionally, the administrative departments for each critical industry and sector are responsible for formulating eligibility criteria and determining critical information infrastructure operators in their respective industries. Operators will be informed of their final determination regarding whether they are classified as critical information infrastructure operators. The regulations further require critical infrastructure operators to (i) report to the competent administrative departments in a timely manner when the identification result may be affected by material changes in the critical infrastructures; (ii) plan, construct, or implement security protection measures simultaneously with the construction or use of critical infrastructures; and (iii) report to the competent administrative departments in a timely manner in the event of mergers, divisions, or dissolutions, and manage critical infrastructures as required by the competent administrative departments. Operators in violation of the regulations may be ordered to rectify the issue and may be subject to warnings, fines, other administrative penalties, or even criminal liability. The responsible personnel may also face fines or other penalties. As of the date of this annual report, we have not been involved in any investigations on cybersecurity reviews conducted by the CAC on this basis, and we have not received any inquiry, notice, warning, or sanctions in this regard.

The Regulations on the Administration of Cyber Data Security, issued by the CAC and effective as of January 1, 2025, set out that data processors conducting the following activities must apply for a cybersecurity review: (i) merger, reorganization, or division of internet platform operators that have acquired a large number of data resources related to national security, economic development, or public interests, and whose activities affect or may affect national security; (ii) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong, which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The Cyber Data Security Regulations further provide that operators of

large internet platforms that set up headquarters, operation centers, or R&D centers overseas shall report to the national cyberspace administration and competent authorities. In addition, the Cyber Data Security Regulations also require that data processors processing important data or going public overseas conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the previous year's data security assessment report to the local branch of the CAC by January 31 each year. Based on the following facts: (i) the Revised Cybersecurity Review Measures and the Regulations on the Administration of Cyber Data Security were newly adopted, with both the implementation and interpretation subject to uncertainties, and (ii) we have not been involved in any cybersecurity reviews initiated by the CAC on this basis, nor have we received any inquiries, notices, warnings, or sanctions from any competent PRC regulatory authorities regarding cybersecurity, data security, or personal data protection, we believe, as of the date of this annual report, we are in compliance with the existing PRC laws and regulations on cybersecurity, data security, and personal data protection issued by the CAC in all material aspects.

The PRC government authorities also further enhanced the supervision and regulation of cross-border data transmission. On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer, effective September 1, 2022. In accordance with such measures, data processors will be subject to a security assessment conducted by the CAC prior to any cross-border transfer of data if the transfer involves (i) important data; (ii) personal information transferred overseas by operators of critical information infrastructure or a data processor that has processed personal data of more than one million individuals; (iii) personal information transferred overseas by a data processor that has already provided personal data of 100,000 individuals or sensitive personal data of 10,000 individuals since January 1 of the preceding year; or (iv) other circumstances as required by the CAC. In addition, any cross-border data transfer activities conducted in violation of the Measures for the Security Assessment of Cross-border Data Transfer prior to their effectiveness must be rectified within six months of their effective date. Since these measures are relatively new, there are still substantial uncertainties with respect to their interpretation and implementation in practice and how they will affect our business operations. Under the Several Provisions on Regulating the Market Order of Internet Content Services, issued by the MIIT in December 2011 and effective in March 2012, an internet content service provider may not collect personal information from a user or provide such information to third parties without the user's consent. It must expressly inform the user of the method, content, and purpose of collecting and processing the user's personal information and may only collect information necessary to provide its services. An internet content service provider is also required to properly maintain users' personal information, and in the event of a leak or potential leak, it must take immediate remedial measures and, in the event of a serious leak, report to the telecommunications regulatory authority immediately.

Pursuant to the Decision on Strengthening the Protection of Online Information, issued by the Standing Committee of the National People's Congress in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information, issued by the MIIT in 2013, any collection and use of a user's personal information must be based on user consent, be legal, rational, and necessary, and be limited to specified purposes, methods, and scopes. An internet content service provider must also ensure that this information is kept confidential, and is prohibited from disclosing, tampering with, destroying, selling, or providing such information to third parties. Providers are required to implement technical and other measures to safeguard the collected personal information from unauthorized disclosure, damage, or loss. Violations of these laws and regulations may result in warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closure of websites, or even criminal liability.

The Provisions on Technological Measures for Internet Security Protection, published by the Ministry of Public Security on December 13, 2005 and effective from March 1, 2006, require internet service providers to maintain records of certain user information (including registration details, log-in and log-out times, IP addresses, and content posted by users) for at least 60 days. Under the PRC Cybersecurity Law, network operators must also report instances of prohibited content being publicly disseminated. Non-compliance with these requirements may lead to the revocation of the ICP license and the shutdown of websites.

On January 23, 2019, the SAMR, the Office of the Central Cyberspace Affairs Commission, the MIIT, and the Ministry of Public Security jointly issued the Announcement on Carrying Out Special Campaigns against Mobile Internet Application Programs Collecting and Using Personal Information in Violation of Laws and Regulations. This announcement prohibits mobile app operators from collecting personal information irrelevant to their services or coercing users into granting consent. Mobile app operators must clearly and concisely explain the rules for collecting and using personal information, and ensure that consent is voluntarily provided by the user. Coercive or excessive collection of personal information, unauthorized use, leakage, or loss of data without remedial action is prohibited. On November 28, 2019, the SAMR, the CAC, the MIIT, and the Ministry of Public Security also issued the Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations, which provides guidelines for authorities to identify illegal collection practices, require app operators to self-examine and correct non-compliance, and encourage third parties to monitor compliance.

On August 22, 2019, the CAC promulgated the Cyber Protection of Children's Personal Information Provisions, effective from October 1, 2019. These provisions require network operators who collect, store, use, transfer, or disclose the personal information of children under the age of 14 to establish specific rules and user agreements for the protection of children's personal information. In addition, operators must inform the children's guardians in a clear and noticeable manner and obtain their consent.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PRC Personal Information Protection Law, which took effect on November 1, 2021. Pursuant to the PRC Personal Information Protection Law, personal information refers to the information related to an identified or identifiable individual recorded electronically or by other means, excluding the anonymized information, and processing of personal information includes, among other things, the collection, storage, use, handling, transmission, provision, disclosure, deletion of personal information. The PRC Personal Information Protection Law explicitly sets forth the circumstances where it is allowed to process personal information, including (i) the consent from the individual has been obtained; (ii) it is necessary for the conclusion and performance of a contract under which an individual is a party, or it is necessary for human resource management in accordance with the labor related rules and regulations and the collective contracts formulated or concluded in accordance with laws; (iii) it is necessary to perform statutory duties or statutory obligations; (iv) it is necessary to respond to public health emergencies, or to protect the life, health and property safety of individuals in emergencies; (v) carrying out news reports, public opinion supervision and other acts for the public interest, and processing personal information within a reasonable scope; (vi) processing personal information disclosed by individuals or other legally disclosed personal information within a reasonable scope in accordance with this law; or (vii) other circumstances stipulated by laws and administrative regulations. In addition, this law emphasizes that individuals have the right to withdraw their consent to process their personal information, and the processors must not refuse to provide products or services on the grounds that the individuals do not agree to the processing of their personal information or withdraw their consent, unless processing of personal information is necessary for the provision of products or services. Before processing the personal information, the processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) the purpose of processing personal information, processing method, type of personal information processed, and the retention period; (iii) methods and procedures for individuals to exercise their rights under this law; (iv) other matters that should be notified according to laws and administrative regulations. Furthermore, the law provides that personal information processors who use personal information to make automated decisions should ensure the transparency of decision-making and the fairness and impartiality of the results, and must not impose unreasonable differential treatment on individuals in terms of transaction prices and other transaction conditions.

In addition, the law provides rules for cross-border provision of personal information. In particular, it is provided that the operators of critical information infrastructures and the personal information processors that process personal information up to the number prescribed by the national cyberspace administration shall store personal information collected and generated within mainland China. If it is really necessary to provide such personal information overseas, they shall pass the security assessment organized by the national cyberspace administration, except as otherwise stipulated by laws, administrative regulations and the national cyberspace administration. Any processor in violation of this law may be subject to administrative penalties including rectifications, warnings, fines, confiscation of illegal gains, suspension of the apps illegally processing personal information or suspension of the business, revocation of business operation permits or business licenses, civil liabilities or even criminal liabilities. The directly responsible personnel in charge and other directly responsible personnel may be imposed with fines and prohibited from serving as directors, supervisors, senior management personnel and personal information protection officers of related companies within a certain period of time.

While we take measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of the measures undertaken and those implemented by our business partners. As certain laws and regulations, including the PRC Data Security Law and the PRC Personal Information Protection Law, were recently promulgated, we may be required to make further adjustments to our business practices to comply with these laws and regulations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business is subject to complex and evolving Chinese and international laws and regulations regarding cybersecurity, information security, privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in claims, changes to our business practices, negative publicity, legal proceedings, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business."

Regulations on Internet News Information Services

On June 1, 2017, the Provisions for the Administration of Internet News Information Services and the Implementing Rules for the Administration of the Licensing for Internet News Information Services, promulgated by the CAC, took effect, which superseded the previous regulations. According to the revised provisions, to provide internet news information services to the public via internet websites, applications, forums, blogs, micro-blogs, public accounts, instant communication tools and online live-stream, providers must obtain an Internet News Information Service License, issued by the CAC or a local cyberspace administrative office. In addition, the regulations prohibit organizations from establishing foreign, partially or wholly-owned, entities that invest or operate internet-based news information services. The CAC and the local cyberspace administrative offices are responsible for the supervision, management and inspection of internet-based news information services. If any entity or individual provides internet news information services without licenses, the PRC regulatory authorities may suspend the services and impose a fine from RMB10,000 to RMB30,000.

Regulations on Intellectual Property Rights

Copyright

The PRC Copyright Law, which took effect on June 1, 1991, and was most recently amended on November 11, 2020, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among other things, works of literature, art, natural science, social science, engineering technology, and computer software. Copyright owners enjoy certain legal rights, including the right of publication, the right of authorship, and the right of reproduction. The PRC Copyright Law, as revised in 2001, extends copyright protection to internet activities and products disseminated over the internet. In addition, the PRC Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. According to the PRC Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners, and compensating for the loss of the copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

The Computer Software Copyright Registration Measures, promulgated by the National Copyright Administration on April 6, 1992, and amended on May 26, 2000, and February 20, 2002, regulate registrations of software copyright, exclusive licensing contracts for software copyright, and assignment agreements. The National Copyright Administration administers software copyright registration, and the China Copyright Protection Center is designated as the software registration authority. The China Copyright Protection Center shall grant registration certificates to the Computer Software Copyright applicants who meet the requirements of both the Computer Software Copyright Registration Measures and the Computer Software Protection Regulations (Revised in 2013).

The Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Infringement of the Information Network Dissemination Rights, which were promulgated on December 17, 2012, and further amended on December 29, 2020, and took effect on January 1, 2021, specify that disseminating works, performances, or audio-video products by the internet users or the internet service providers via the internet without the permission of the copyright owners shall be deemed to have infringed the right of dissemination of the copyright owner.

The Measures for Administrative Protection of Copyright Related to the Internet, which were jointly promulgated by the National Copyright Administration and the MIIT on April 29, 2005, and took effect on May 30, 2005, provide that upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement that harms the public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information (as amended in 2013). Under these regulations, an owner of the network dissemination rights with respect to written works, performances, or audio or video recordings who believes that information storage, search, or link services provided by an internet service provider infringe his or her rights may require that the internet service provider delete or disconnect the links to such works or recordings.

Patent

Patents in mainland China are principally protected under the PRC Patent Law, which was initially promulgated by the Standing Committee of the National People's Congress in 1984 and was most recently amended in 2020. A patent is valid for twenty years in the case of an invention and ten years in the case of utility models and designs.

Trademark

Registered trademarks are protected under the PRC Trademark Law, which was adopted by the Standing Committee of the National People's Congress in 1982 and most recently amended in 2019, the Implementation Regulations of the PRC Trademark Law adopted by the State Council in 2002 and most recently amended in 2014 and other related rules and regulations. The State Intellectual Property Office, formerly known as the Trademark Office of the State Administration for Industry and Commerce, handles trademark registrations and grants a protection term of ten years to registered trademarks. Such term may be renewed for another ten-year period upon request by the trademark owner.

Domain Names

Domain names are protected under the Administrative Measures on Internet Domain Names promulgated by the MIIT on August 24, 2017 and effective since November 1, 2017. Domain name registrations are handled through domain name service agencies

established under the applicable regulations, and applicants become domain name holders upon successful registrations. On November 27, 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services, which took effect on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

Regulations on Foreign Exchange

General Administration of Foreign Exchange

Under the PRC Foreign Exchange Administration Rules promulgated on January 29, 1996 and most recently amended on August 5, 2008, as well as various regulations issued by SAFE and other PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments, as well as the payment of interest and dividends. The conversion of Renminbi into other currencies and the remittance of the converted foreign currency outside mainland China for capital account items, such as direct equity investments, loans, and repatriation of investment, require prior approval from SAFE or its local office.

Payments for transactions that take place within mainland China must be made in Renminbi. Unless otherwise approved, mainland China companies may not repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items, subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, promulgated by SAFE on November 19, 2012 and most recently amended on October 10, 2018, approval is not required for opening a foreign exchange account and depositing foreign exchange into accounts related to direct investments. This circular also simplified the foreign exchange-related registration required for foreign investors to acquire equity interests in Chinese companies and further improved the administration of foreign exchange settlement for foreign-invested enterprises.

The Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, promulgated by SAFE on February 13, 2015 and amended on December 30, 2019, canceled the administrative approvals of foreign exchange registration for direct domestic investment and direct overseas investment, and simplifies the procedure of foreign exchange-related registration, requiring investors to register with banks for direct domestic investment and direct overseas investment. The Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, which was promulgated by SAFE on March 30, 2015, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to SAFE Circular 19, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchange settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which was promulgated by SAFE and took effect on June 9, 2016, provides that enterprises registered in mainland China may also convert their foreign debts from foreign currency into Renminbi on a self-discretionary basis. SAFE Circular 16 also 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 mainland China.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records, and audited financial statements, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits.

Moreover, pursuant to SAFE Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts, and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or SAFE Notice 28, which permits non-investment foreign-invested enterprises to use their capital funds to make equity investments in mainland China, with genuine investment projects, in compliance with effective foreign investment restrictions, and other applicable laws. However, as SAFE Notice 28 was newly issued, there are still substantial uncertainties as to its interpretation and implementation in practice.

Based on SAFE Circular 13 and other laws and regulations relating to foreign exchange, when setting up a new foreign-invested enterprise, the foreign-invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including, without limitation, any increase in its registered capital or total investment, the foreign-invested enterprise shall register such changes with the bank located at its registered place after obtaining approval from, or completing the filing with, competent authorities. Pursuant to foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application.

Based on the foregoing, if we intend to provide funding to our wholly foreign-owned subsidiaries through capital injection at or after their establishment, we shall register the establishment of, and any follow-on capital increase in, our wholly foreign-owned subsidiaries with the SAMR or its local counterparts, file such via the foreign investment comprehensive management information system, and register such with the local banks for foreign exchange-related matters.

Loans Made by Foreign Companies to Their Mainland China Subsidiaries

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered foreign debt in mainland China and is regulated by various laws and regulations, including the PRC Foreign Currency Exchange Administration Rules, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions, the Detailed Rules for the Implementation of Statistical Monitoring of Foreign Debt, and the Administrative Measures for Registration of Foreign Debts. Under these rules and regulations, a shareholder loan made to a mainland China entity in the form of foreign debt does not require prior approval from SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branches within 15 business days after entering into the foreign debt contract. Under these regulations, the foreign debt balance of a foreign-invested enterprise must not exceed the difference between its total investment and registered capital.

Pursuant to the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-Foreign Equity Joint Venture Enterprise, promulgated by SAMR on February 17, 1987, and effective March 1, 1987, the registered capital for a Sino-foreign equity joint venture must be:

(i) no less than 7/10 of its total investment, if the total investment is US$3 million or less;

(ii) no less than 1/2 of its total investment, if the total investment is between US$3 million and US$10 million (including US$10 million), provided that the registered capital shall not be less than US$2.1 million if the total investment is less than US$4.2 million;

(iii) no less than 2/5 of its total investment, if the total investment is between US$10 million and US$30 million (including US$30 million), provided that the registered capital shall not be less than US$5 million if the total investment is less than US$12.5 million; and

(iv) no less than 1/3 of its total investment, if the total investment exceeds US$30 million, provided that the registered capital shall not be less than US$12 million if the total investment is less than US$36 million.

On January 11, 2017, the People's Bank of China promulgated the Notice of the People's Bank of China on Matters Concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, commonly known as PBOC Notice No. 9. Pursuant to PBOC Notice No. 9, within a transition period of one year from January 11, 2017, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism, or Current Foreign Debt Mechanism, or the mechanism as provided in PBOC Notice No. 9, or Notice No. 9 Foreign Debt Mechanism, at their own discretion. PBOC Notice No. 9 provides that, enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. Pursuant to PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or Risk-Weighted Approach, and shall not exceed the specified upper limit of risk-weighted outstanding cross-border financing. Risk-weighted outstanding cross-border financing equals the total of outstanding amounts of RMB and foreign currency denominated cross-border financing multiplied by the maturity risk conversion factor and the type risk conversion factor, plus the total of outstanding foreign currency denominated cross-border financing multiplied by the exchange rate risk conversion factor. The

maturity risk conversion factor shall be 1 for medium- and long-term cross-border financing with a term of more than one year and 1.5 for short-term cross-border financing with a term of less than one year. The type risk conversion factor shall be 1 for on-balance-sheet financing and 1 for off-balance-sheet financing (contingent liabilities) for the time being. The exchange rate risk conversion factor shall be 0.5. PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be 200% of its net assets, or Net Asset Limits. Enterprises shall file with SAFE in its capital item information system after entering into cross-border financing contracts and prior to three business day before drawing any money from the foreign debts.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits and we will need to file the loans with SAFE in its information system in the event that the Notice No. 9 Mechanism applies. According to PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the People's Bank of China and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the People's Bank of China nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the People's Bank of China and SAFE in the future and what statutory limits will be imposed on us when providing loans to our mainland China subsidiaries.

Offshore Investment

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, issued by SAFE and effective on July 4, 2014, mainland China residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, which is defined as offshore enterprises directly established or indirectly controlled by mainland China residents for offshore equity financing of the enterprise assets or interests they hold in mainland China. An amendment to the registration or a subsequent filing with the local SAFE branch is also required if there is any change in the basic information of the offshore company or any material change in the capital of the offshore company. At the same time, SAFE issued the Operational Guidance for Issues Concerning Foreign Exchange Administration over Round-trip Investment, which outlines the procedures for SAFE registration under SAFE Circular 37. This guidance took effect on July 4, 2014, and is an attachment to SAFE Circular 37.

Failure to comply with the registration procedures set forth in SAFE Circular 37 may result in restrictions on the foreign exchange activities of the onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject mainland China residents to penalties under PRC foreign exchange administration regulations.

On February 13, 2015, SAFE promulgated the Notice on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, effective from June 1, 2015. This notice further amends SAFE Circular 37 by requiring domestic residents to register with qualified banks, rather than SAFE or its local branches, in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

Regulations on Dividend Distribution

The principal laws and regulations governing the dividend distribution by foreign-invested enterprises in mainland China include the Company Law of the PRC (as amended in 2004, 2005, 2013, and 2018), the Foreign Investment Law, and the Regulation on the Implementation of the Foreign Investment Law.

Under the current regulatory regime in mainland China, foreign-invested enterprises may pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. A mainland China company is required to set aside at least 10% of its after-tax profit as statutory reserve funds until the cumulative amount of such reserve funds reaches 50% of its registered capital, unless otherwise provided by laws regarding foreign investment. A mainland China company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

As of December 31, 2024, all of our wholly foreign-owned subsidiaries, including but not limited to Beijing QIYI Century, iQIYI New Media, Tianjin iQIYI Network & Technology Co., Ltd., Shanghai iQIYI Network & Technology Co., Ltd., Beijing iQIYI Interactive Technology Co., Ltd., Shanghai iQIYI New Media Science & Technology Co., Ltd., and Hainan iQIYI Information Technology Co., Ltd., were in an accumulated loss position, all of which have not and will not be able to pay dividends to our offshore entities until they generate accumulated profits and meet the requirements for statutory reserve funds.

Regulations on Taxation

Enterprise Income Tax

On March 16, 2007, the Standing Committee of the National People's Congress promulgated the Enterprise Income Tax Law, which was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax, which took effect on January 1, 2008 and was most recently amended on December 13, 2024. Under the Enterprise Income Tax Law and its implementing regulations, both resident enterprises and non-resident enterprises are subject to tax in mainland China. Resident enterprises are defined as enterprises that are established in mainland China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within mainland China. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside mainland China, but who have established institutions or premises in mainland China or income generated from inside mainland China. Under the Enterprise Income Tax Law and the implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in mainland China, or if their permanent establishment or premises in mainland China have no actual relationship to the income derived in mainland China, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside mainland China.

Value-added Tax

The Provisional Regulations of the PRC on Value-added Tax were promulgated by the State Council on December 13, 1993, which were most recently amended on November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated The Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax. According to these laws and decisions, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of mainland China are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates was promulgated on April 4, 2018 and took effect on May 1, 2018. The notice adjusted the VAT tax rates of 17% and 11% to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform, with effect from April 1, 2019, the VAT tax rate of 16% and 10% are changed into 13% and 9%, respectively.

As of the date of this annual report, our mainland China subsidiaries and the variable interest entities are generally subject to 3%, 6%, 9% or 13% VAT rate and related surcharges.

Dividend Withholding Tax

The Enterprise Income Tax Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-mainland China resident enterprise investors who do not have an establishment or place of business in mainland China, or whose establishment or place of business is not effectively connected with the relevant income, to the extent such dividends are derived from sources within mainland China.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements under such arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or SAT Circular 81, issued on February 20, 2009 by the State Administration of Taxation, if the PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, the PRC tax authorities may adjust the preferential tax treatment.

According to the Circular on Several Questions Regarding the "Beneficial Owner" in Tax Treaties, which took effect on April 1, 2018, when determining the applicant's status as a "beneficial owner" with respect to the tax treatment of dividends, interest, or royalties under certain tax treaties, several factors, including whether the applicant is obligated to pay more than 50% of their income over a twelve-month period to residents of a third country or region, whether the business operated by the applicant constitutes actual business activities, and whether the counterparty country or region to the tax treaty does not levy any tax, exempts the relevant income from tax, or levies tax at an extremely low rate, will be taken into account and analyzed in accordance with the specific circumstances of each case. This circular further provides that applicants who intend to prove their "beneficial owner" status shall submit the required

documents to the tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements.

Tax on Indirect Transfer

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises. Pursuant to this circular, an "indirect transfer" of assets, including equity interests in a mainland China resident enterprise, by a non-mainland China resident enterprise, may be recharacterized and treated as a direct transfer of mainland China taxable assets if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of mainland China enterprise income tax. As a result, gains derived from such indirect transfers may be subject to mainland China enterprise income tax. When determining whether there is a "reasonable commercial purpose" for the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the offshore enterprise derives directly or indirectly from mainland China taxable assets; whether the assets of the offshore enterprise mainly consist of direct or indirect investments in mainland China, or whether its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries that directly or indirectly hold mainland China taxable assets have a real commercial nature that is evidenced by their actual function and risk exposure. According to the circular, where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. The circular does not apply to sales of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange.

On October 17, 2017, the State Administration of Taxation issued the Circular on Issues of Tax Withholding Regarding Non-PRC Resident Enterprise Income Tax, which was amended on June 15, 2018. This circular further elaborates the implementing rules regarding the calculation, reporting, and payment obligations of the withholding tax by non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of the circular. The circular may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Regulations on Employment and Social Welfare

Labor Contract Law

The PRC Labor Contract Law, which took effect on January 1, 2008, and was amended on December 28, 2012, is primarily aimed at regulating the rights and obligations of employer-employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the PRC Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be, or have been, established between employers and employees. Employers are prohibited from forcing employees to work beyond certain time limits, and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local minimum wage standards and shall be paid to employees in a timely manner.

Social Insurance and Housing Fund

According to the PRC Social Insurance Law, most recently amended on December 29, 2018, and the Regulations on the Administration of Housing Funds, most recently amended in 2019, employers in mainland China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance, and housing funds. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—The enforcement of the labor-related regulations in mainland China and Hong Kong may adversely affect our business and results of operations."

Employee Stock Incentive Plan

Pursuant to the Notice on Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Listed Companies, which was issued by SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly listed overseas company and who are mainland China citizens or non-mainland China citizens residing in mainland China for a continuous period of no less than one year, subject to a few exceptions, are required to register with SAFE through a qualified domestic agent, which may be a mainland China subsidiary of such an overseas listed company, and complete certain other procedures.

In addition, the State Administration of Taxation has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in mainland China who exercise stock options or are granted restricted shares will be subject to individual income tax in mainland China. The mainland China subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with the tax authorities and withhold individual income taxes from

employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the mainland China subsidiaries fail to withhold income tax in accordance with the laws and regulations, the mainland China subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulations on Anti-unfair Competition and Anti-monopoly

On April 23, 2019, the Standing Committee of the National People's Congress amended the PRC Anti-unfair Competition Law, pursuant to which business operators may not engage in anti-competitive activities including but not limited to, unduly influencing transactions, confusing or defrauding consumers, commercial bribery, trade secret infringement and commercial libel. Failure to comply with the Anti-unfair Competition Law and related regulations could result in various administrative penalties, including fines, confiscation of illegal gains and cessation of business activities.

After its promulgation, the PRC anti-monopoly authorities further strengthened enforcement under the Anti-monopoly Law. In February 2021, the Anti-monopoly Committee of the State Council published the Antimonopoly Guidelines for the Platform Economy Sector, aiming at enhancing anti-monopoly administration of businesses that operate under the platform model and the overall platform economy. According to these guidelines, business practices such as deploying big data analytics to set discriminatory terms for merchandise price or other transaction terms, coercive exclusivity arrangements with transaction counterparties, blocking of competitor interface through technological means and unlawful collection of user data without consent, are prohibited. In addition, the guidelines included concentrations involving companies with VIE structure within the ambit of the SAMR's merger control review, if certain reporting thresholds are met.

In addition to the currently enacted laws and regulations, the PRC authorities have proposed certain draft regulations that would further strengthen unfair competition and anti-monopoly laws if enacted into law. In particular, on August 17, 2021, the SAMR issued the Draft Provisions on the Prohibition of Unfair Competition on the Internet for public comment. These draft provisions prohibit business operators from using data, algorithms and other technical methods to hijack traffic or influence users' choices, or use technical means to illegally capture or use other business operators' data. Subsequently, certain amendments to the Anti-monopoly Law became effective in August 2022. The amended Anti-monopoly Law increased the maximum amount of fines that may be imposed on a business operator for violations of certain market concentration requirements to 10% of the business operator's sales revenue from the preceding year and also proposes that the authority should investigate a transaction if the concentration resulting from the transaction has or may have the effect of eliminating or restricting competition, even if such concentration does not reach the filing threshold.

M&A Rules and Overseas Listing

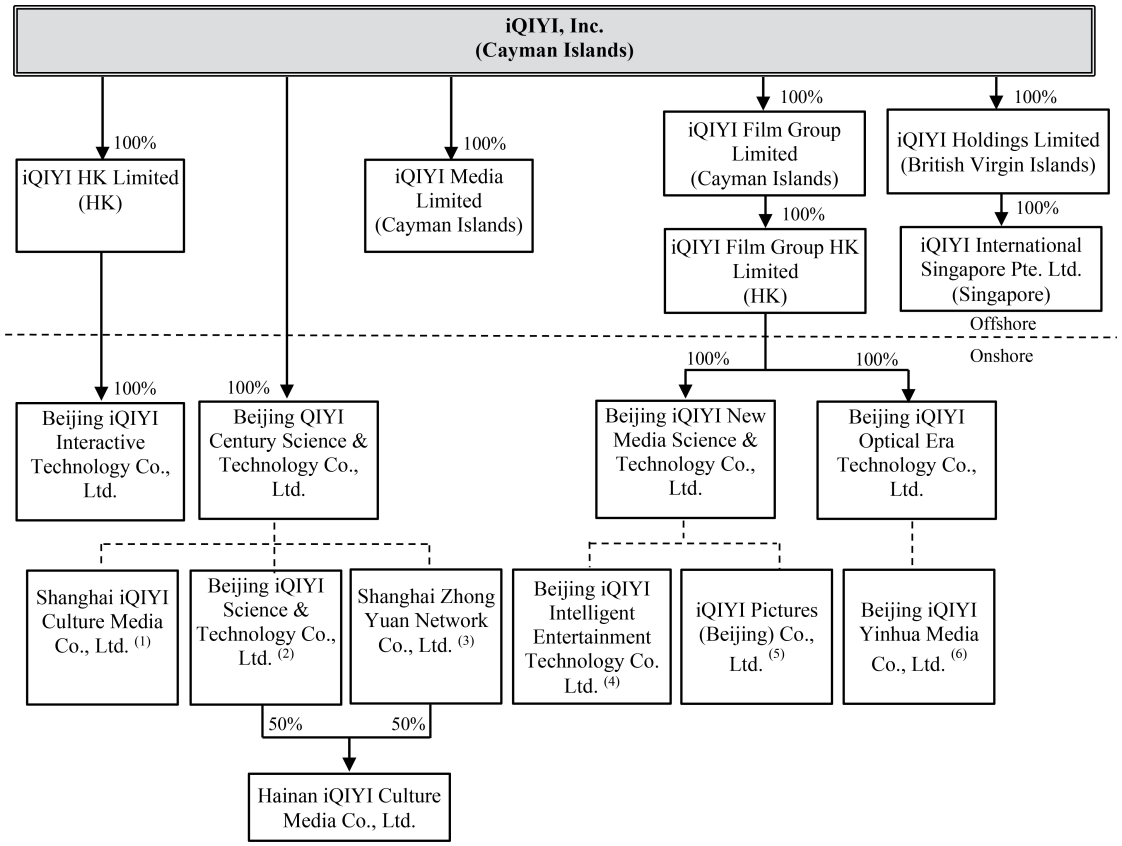
On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the China Securities Regulatory Commission, or the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, governing the mergers and acquisitions of domestic enterprises by foreign investors that took effect on September 8, 2006 and were revised on June 22, 2009. The regulations, among other things, require that if an overseas company established or controlled by mainland China companies or individuals, or mainland China citizens, intends to acquire equity interests or assets of any other mainland China domestic company affiliated with the mainland China citizens, such acquisition must be submitted to the Ministry of Commerce for approval. The regulations also require that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the mainland China citizens shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law. The opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of regulatory systems will be taken to deal with the risks and incidents of China-based overseas listed companies, and cybersecurity and data privacy protection requirements and other regulatory requirements. The opinions and any related implementing rules to be enacted may subject us to compliance requirement in the future.

Furthermore, on February 17, 2023, the CSRC published the Interim Administrative Measures on Overseas Securities Offering and Listing by the Domestic Enterprises, or the Overseas Listing Measures, which took effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system will be applied to "indirect overseas offerings and listings" of PRC domestic companies, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a domestic company that operates its main business domestically in mainland China. The Overseas Listing Measures state that, any overseas offering of securities, including issuance of shares, convertible notes and other similar securities, by a PRC domestic company, and listing by a PRC domestic company in an overseas market, shall be subject to filing requirements within three business days after the completion of such offering or listing. On February 17, 2023, the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by

Domestic Enterprises, which provides that issuers who have already been listed in an overseas market by March 31, 2023, the date on which the Overseas Listing Measures took effect, including our company, are not required to make any immediate filing. However, such issuers will be required to comply with the filing requirements under Overseas Listing Measures if and when they pursue any future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going private transactions.

C. ORGANIZATIONAL STRUCTURE

The following diagram illustrates our current corporate structure, which identifies our major subsidiaries, including our significant subsidiaries, and the variable interest entities, as of the date of this annual report:



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——▶ Equity interest.

Notes

(1) Dr. Yu Gong, our founder, chief executive officer and director, and Mr. Xiaohua Geng, our senior vice president, each holds 50% and 50% of the equity interests in Shanghai iQIYI.

(2) Mr. Xiaohua Geng holds 99% of the equity interests in Beijing iQIYI and Yangshipin Integrated Media Development Co., Ltd., a third-party minority shareholder, holds 1% of the equity interests in Beijing iQIYI.

(3) Dr. Yu Gong holds 100% of the equity interests in Shanghai Zhong Yuan.

(4) Dr. Yu Gong and Mr. Xianghua Yang, our senior vice president, each holds 50% and 50% of the equity interests in Intelligent Entertainment.

(5) Dr. Yu Gong and Mr. Ning Ya, president of iQIYI Pictures, each holds 50% and 50% of the equity interests in iQIYI Pictures.

(6) Dr. Yu Gong and Mr. Xiaohui Wang, our chief content officer, each holds 50% and 50% of the equity interests in iQIYI Yinhua.

Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in certain value -added telecommunication services, internet audio-video program services and certain other businesses. We are an exempted company with limited liability incorporated in the Cayman Islands. Beijing QIYI Century, our mainland China subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we primarily conduct our business in mainland China through Beijing iQIYI, Shanghai iQIYI and Shanghai Zhong Yuan, the variable interest entities in mainland China, and their subsidiaries, based on a series of contractual arrangements by and among Beijing QIYI Century, the variable interest entities and their shareholders.

Such contractual arrangements enable us to direct activities that most significantly affect the economic performance of the variable interest entities, receive economic benefits of and absorb losses that potentially could be significant to the variable interest entities, and have an exclusive option to purchase all or part of the equity interest and assets in the variable interest entities when and to the extent permitted by PRC law, and as a result, iQIYI, Inc. is considered as the primary beneficiary of the variable interest entities in mainland China and consolidate the financial results of the variable interest entities as required by ASC topic 810, *Consolidation*. Accordingly, we treat the variable interest entities as our consolidated entities under U.S. GAAP, and we consolidate the financial results of the variable interest entities in our consolidated financial statements under U.S. GAAP for accounting purposes.

In October 2024, Yangshipin Integrated Media Development Co., Ltd. completed its investment of approximately RMB0.3 million in Beijing iQIYI to acquire 1% of Beijing iQIYI's enlarged registered capital. Yangshipin Integrated Media Development Co., Ltd. is not a party to the contractual arrangements currently in effect among Beijing iQIYI, Beijing QIYI Century, and other shareholders of Beijing iQIYI. Therefore, we are unable to mandatorily purchase, or have Yangshipin Integrated Media Development Co., Ltd. pledge, the 1% equity interests in Beijing iQIYI in the same manner as agreed under existing contractual arrangements, nor are we granted the authorization of the voting rights of the 1% equity interests. We believe iQIYI, Inc. still controls and is the primary beneficiary of Beijing iQIYI for accounting purposes, as it continues to have a controlling financial interest in Beijing iQIYI pursuant to ASC 810-10-25-38A after the issuance of such 1% equity interests.

The following is a summary of the currently effective contractual arrangements among Beijing QIYI Century, Beijing iQIYI, Beijing iQIYI's shareholder and iQIYI, Inc.

Loan Agreement

Pursuant to the amended and restated loan agreement dated January 30, 2013 between Beijing QIYI Century and Mr. Xiaohua Geng, the sole shareholder of Beijing iQIYI, Beijing QIYI Century made loans in an aggregate amount of RMB27 million to Mr. Geng for the acquisition and capitalization of Beijing iQIYI. Pursuant to the amended and restated loan agreement, Mr. Geng can only repay the loans by the sale of all his equity interest in Beijing iQIYI to iQIYI, Inc. insofar as permitted under PRC law and pay all of the proceeds from sale of such equity interests to iQIYI, Inc. In the event that Mr. Geng sells his equity interests in Beijing iQIYI to iQIYI, Inc. with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to Beijing QIYI Century as the loan interest to or cost for capital occupancy to the extent allowed under PRC law. The initial loan maturity date is June 23, 2021 unless otherwise decided by Beijing QIYI Century, and can be extended upon the written notification from Beijing QIYI Century. On December 21, 2020, Beijing QIYI Century executed a confirmation letter to extend the term of the loan agreement to June 23, 2031.

Share Pledge Agreement

Pursuant to the amended and restated share pledge agreement dated January 30, 2013, Mr. Xiaohua Geng has pledged all of his equity interest in Beijing iQIYI to guarantee his and Beijing iQIYI's performance of his obligations under, where applicable, the amended and restated exclusive technology consulting and services agreement and the amended and restated loan agreement. If Beijing iQIYI or Mr. Geng breach their contractual obligations under these agreements, Beijing QIYI Century, as pledgee, will have the right to dispose of the pledged equity interests. Mr. Geng agrees that, during the term of the share pledge agreements, he will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests, and he also agrees that Beijing QIYI Century's rights relating to the equity pledge should not be prejudiced by the legal actions of Mr. Geng, his successor or his assignee. During the term of the amended and restated share pledge agreement, Beijing QIYI Century has the right to receive all of the dividends and profits distributed on the pledged equity. The amended and restated share pledge agreement will terminate on the date when Beijing iQIYI and Mr. Geng have completed all their obligations under the amended and restated exclusive technology consulting and services agreement and the amended and restated loan agreement unless otherwise unilaterally terminated by Beijing QIYI Century.

Exclusive Purchase Option Agreement

Pursuant to the amended and restated exclusive purchase option agreement dated January 30, 2013 by and among iQIYI, Inc., Beijing QIYI Century, Beijing iQIYI, and Mr. Xiaohua Geng, Mr. Geng irrevocably grants iQIYI, Inc. or its designee an exclusive option to purchase at its discretion, to the extent permitted under PRC law, all or part of his equity interests in Beijing iQIYI. In addition, the purchase price should equal the amount that Mr. Geng contributed to Beijing iQIYI as registered capital for the equity interest to be purchased, or be the lowest price permitted by applicable PRC law. If any dividends or assets of other form were distributed, such dividends or distributions, including the purchase consideration received if the exclusive purchase option is exercised, will have to be repaid by Mr. Geng to iQIYI, Inc. Without the prior written consent of iQIYI, Inc., Beijing iQIYI may not amend its articles of associate, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans to any third parties, enter into any material contract with a value of more than RMB300,000 (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. Mr. Geng agrees that, without the prior written consent of iQIYI, Inc., he will not dispose of his equity interests in Beijing iQIYI or create or allow any encumbrance on the equity interests, and will not cause Beijing iQIYI to provide any persons with any loans. The initial term of the amended and restated exclusive purchase option agreement is ten years and can be renewed at the discretion of iQIYI, Inc. On December 21, 2020, iQIYI, Inc. executed a confirmation letter to extend the term of the amended and restated exclusive purchase option agreement to November 22, 2032.

Business Operation Agreement

Pursuant to the amended and restated business operation agreement dated January 30, 2013 by and among Beijing QIYI Century, Beijing iQIYI and Mr. Xiaohua Geng, Beijing QIYI Century agrees to provide Beijing iQIYI with performance guarantees with respect to any contracts, agreements and transactions Beijing iQIYI entered into in connection with its business. As a counter-guarantee, Beijing iQIYI agrees to offer all its account receivables and assets as collateral. The initial term of the business operation agreement is ten years and can be renewed at the discretion of Beijing QIYI Century. On December 21, 2020, Beijing QIYI Century executed a confirmation letter to extend the term of the business operation agreement to January 30, 2033.

Business Cooperation Agreement

Pursuant to the business cooperation agreement, which took effect on November 23, 2011 by and between Beijing QIYI Century and Beijing iQIYI, Beijing iQIYI agrees to provide Beijing QIYI Century with services, including internet information services, online advertising and other services reasonably necessary within the scope of Beijing QIYI Century's business. Beijing iQIYI agrees to use, on the website it operates, technology services provided by Beijing QIYI Century, including but not limited to, P2P download and video on-demand system. As consideration for the internet information services and other services provided by Beijing iQIYI, Beijing QIYI Century agrees to pay specified service fees to Beijing iQIYI. Beijing iQIYI has the right to waive the service fees. The initial term of the business cooperation agreement is ten years and can be renewed at the discretion of Beijing QIYI Century. On December 21, 2020, Beijing QIYI Century executed a confirmation letter to extend the term of the business cooperation agreement to November 23, 2031.

Commitment Letter

Pursuant to the commitment letter dated January 30, 2013, under the condition that Beijing iQIYI remains as an entity of which the financial statements are consolidated by iQIYI, Inc. and Beijing QIYI Century under U.S. GAAP and the contractual arrangements remain in effect, iQIYI, Inc. and Beijing QIYI Century undertake to provide financial support to Beijing iQIYI for any financial loss that might affect its business operation occurred before and after the execution of the commitment letter as permitted by the law. Such financial support shall be forgiven by iQIYI, Inc. and Beijing QIYI Century. As of December 31, 2024, iQIYI has provided RMB785.8 million (US$107.7 million) in financial support to Beijing iQIYI under this commitment letter, all of which has been forgiven.

Shareholder Voting Rights Trust Agreement

Pursuant to the amended and restated shareholder voting rights trust agreement dated January 30, 2013 by and between Beijing QIYI Century and Mr. Xiaohua Geng, Mr. Geng has agreed to irrevocably entrust a person designated by Beijing QIYI Century to represent him to exercise all the voting rights and other shareholders' rights to which he is entitled as the shareholder of Beijing iQIYI. The agreement will remain effective for as long as Mr. Geng remains the shareholder of Beijing iQIYI unless Beijing QIYI Century unilaterally terminates the agreement by written notice.

Exclusive Technology Consulting and Services Agreement

Pursuant to the exclusive technology consulting and services agreement, which took effect on November 23, 2011 by and between Beijing QIYI Century and Beijing iQIYI, Beijing QIYI Century has the sole and exclusive right to provide specified technology consulting and services to Beijing iQIYI. Beijing iQIYI agrees to accept such services and, without the prior written consent of Beijing QIYI Century, may not accept the same or similar technology consulting and services provided by any third-party during the term of the agreement. Beijing iQIYI agrees to pay specified service fees to Beijing QIYI Century on a quarterly basis. Beijing QIYI Century has the right to adjust the calculation basis and payment method through written confirmation, without the prior consent of Beijing iQIYI. All the benefits and interests generated from the agreement, including but not limited to software copyrights, intellectual property rights, know-how and trade secrets, will be Beijing QIYI Century's sole and exclusive rights. The initial term of the exclusive technology consulting and services agreement is ten years and can be renewed at the discretion of Beijing QIYI Century.

On December 21, 2020, Beijing QIYI Century executed a confirmation letter to extend the term of the exclusive technology consulting and services agreement to November 23, 2031.

Trademark License Agreement

Pursuant to the trademark license agreement, which took effect on November 23, 2011 by and between Beijing QIYI Century and Beijing iQIYI, Beijing QIYI Century grants Beijing iQIYI trademark licenses to use the trademarks held by Beijing QIYI Century in specified areas. Beijing QIYI Century may not grant trademark licenses to third parties. Beijing iQIYI agrees to pay specified usage fees to Beijing QIYI Century. The initial term of this trademark license agreement is five years and is afterwards automatically renewed for one additional year each year, unless terminated by Beijing QIYI Century by written notice.

Software Usage License Agreement

Pursuant to the software usage license agreement, which took effect on November 23, 2011 by and between Beijing QIYI Century and Beijing iQIYI, Beijing QIYI Century grants Beijing iQIYI non-exclusive rights to use specified software in mainland China. Beijing iQIYI agrees not to sublicense such software usage rights, and agrees to pay specified usage fees to Beijing QIYI Century. The initial term of this software usage license agreement is five years and can be renewed at the discretion of Beijing QIYI Century. On December 2, 2016, Beijing QIYI Century executed a confirmation letter to extend the term of the software usage license agreement for five years. On December 21, 2020, Beijing QIYI Century executed another confirmation letter to extend the term of the software usage license agreement to December 1, 2031.

Power of Attorney

On January 30, 2013, Beijing QIYI Century granted iQIYI, Inc. irrevocable power of attorney under the amended and restated shareholder voting rights trust agreement. Pursuant to the irrevocable power of attorney, iQIYI, Inc. may exercise all shareholder rights during the term of the amended and restated shareholder voting rights trust agreement and may transfer such rights to a designated third-party without written notice to Beijing QIYI Century.

Spousal Consent Letter

The spouse of the shareholder of Beijing iQIYI signed a spousal consent letter. Under the spousal consent letter, the signing spouse unconditionally and irrevocably agreed that the spouse is aware of the above-mentioned loan agreement, share pledge agreement, exclusive purchase option agreement, business operation agreement, and shareholder voting rights trust agreement, and has no objection regarding the contractual arrangements aforesaid. The signing spouse committed not to impose any adverse assertions upon the validity of such contractual arrangement based on the existence or termination of the marital relationship with the shareholder, or exert any impediment or adverse influence over the shareholder's performance of any contractual arrangement or claim rights on Beijing iQIYI.

The contractual arrangements by and among iQIYI, Inc., Beijing QIYI Century, Shanghai iQIYI, and the shareholders of Shanghai iQIYI, including loan agreement, share pledge agreement, exclusive purchase option agreement, business operation agreement, commitment letter, shareholder voting rights trust agreement, spousal consent letter and exclusive technology consulting and services agreement, are substantially the same as the corresponding contractual arrangements discussed above. The loan agreements, exclusive purchase option agreement, business operation agreement and exclusive technology consulting and services agreement were extended by Beijing QIYI Century and iQIYI, Inc. before their respective expiration dates to October 25, 2033, and can be further renewed at the discretion of Beijing QIYI Century and iQIYI, Inc.

The contractual arrangements by and among iQIYI, Inc., Beijing QIYI Century, Shanghai Zhong Yuan, and the shareholder of Shanghai Zhong Yuan, including loan agreement, share pledge agreement, exclusive purchase option agreement, business operation agreement, commitment letter, shareholder voting rights trust agreement, spousal consent letter and exclusive technology consulting and services agreement, are substantially the same as the corresponding contractual arrangements discussed above. The loan agreement, exclusive purchase option agreement, business operation agreement and exclusive technology consulting and services agreement were extended by Beijing QIYI Century and iQIYI, Inc. before their respective expiration dates to January 14, 2034, and can be further renewed at the discretion of Beijing QIYI Century and iQIYI, Inc.

The contractual arrangements by and among iQIYI, Inc., iQIYI New Media, Intelligent Entertainment, and the shareholders of Intelligent Entertainment, including loan agreements, share pledge agreements, exclusive share purchase agreement, exclusive management consulting and business cooperation agreement, commitment letter, power of attorney and spousal consent letters, are substantially the same as the corresponding contractual arrangements discussed above.

The contractual arrangements by and among iQIYI, Inc., iQIYI New Media, iQIYI Pictures, and the shareholders of iQIYI Pictures, including loan agreements, share pledge agreements, exclusive share purchase agreement, exclusive management consulting and business cooperation agreement, commitment letter, power of attorney and spousal consent letter, are substantially the same as the corresponding contractual arrangements discussed above.

The contractual arrangements by and among iQIYI, Inc., Optical Era, iQIYI Yinhua, and the shareholders of iQIYI Yinhua, including loan agreements, share pledge agreements, exclusive share purchase agreement, exclusive management consulting and business cooperation agreement, commitment letter, power of attorney and spousal consent letters, are substantially the same as the corresponding contractual arrangements discussed above.

In the opinion of Jingtian & Gongcheng, our PRC legal counsel:

- the ownership structure of the variable interest entities and our wholly-foreign owned subsidiaries are in compliance with PRC laws or regulations currently in effect; and
- the contractual arrangements among our wholly-foreign owned subsidiaries, variable interest entities and their respective shareholder(s), either individually or taken as a whole, are valid and legally binding upon each party to such arrangement and are enforceable against each party thereto in accordance with their terms, and do not contravene any PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our internet video streaming business and related business do not comply with PRC government restrictions on foreign investment in internet video streaming and related businesses, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" and "—Risks Related to Doing Business in Mainland China—Uncertainties with respect to the legal systems in the jurisdictions where we operate could adversely affect us."

D. PROPERTY, PLANTS AND EQUIPMENT

Our principal executive offices are located in Beijing, China, where we lease premises of approximately 29,803 square meters. We own office premises of approximately 19,458 square meters in Shanghai and land of approximately 101,722 square meters in Zhejiang Province. We also lease offices in Shanghai, Chongqing and various other cities, with an aggregate area of approximately 20,412 square meters. We lease our premises from unrelated third parties. Below is a summary of the term of each of our current leases, and we plan to renew most of these leases when they expire:

Leased properties	Term	Area (square meters)
Beijing	1, 2, 3, 4 and 6 years	29,803
Shanghai	1, 3 and 5 years	2,564
Chongqing	2 and 3 years	7,876
Others	1, 2, 3, 4, 5 and 10 years	9,972
Total	/	50,215

Our main IT infrastructure include internet data centers (IDC) and content delivery networks (CDN). We lease IDC facilities from China Telecom, China Unicom and China Mobile. Our bandwidth provider includes self-built CDN, cooperating bandwidth, commercial CDN and Internet Exchange.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and the related notes included in this annual report. This report contains forward-looking statements. See "Forward-Looking Information." In evaluating our business, you should carefully consider the information provided under the caption "Item 3. Key Information—D. Risk Factors" in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. OPERATING RESULTS

Overview

iQIYI is a leading provider of online entertainment video services in mainland China. We remain focused on high-quality content and user experience. We provide our users with a variety of products and services encompassing online videos, online games, online literature, comics, and others. As of December 31, 2024, our comprehensive and diversified video content library boasted over 40,000 professionally produced long-form content titles, including drama series, variety shows, films, cartoons, animations, and others, along with approximately 10,000 mini-dramas.

We have developed diversified monetization models. We generate revenues through membership services, online advertising services and a suite of other monetization methods. Our monetization model fosters an environment for high-quality content production and effective content distribution on our platform, which in turn attracts a large subscriber base of high user engagement, creating a virtuous cycle. Our membership services contribute a significant portion of our revenues. We aim to enhance membership value in order to drive the loyalty, retention and lifetime value of members on our platform.

We have been generating net income since 2023. We recorded a net income of RMB1,952.6 million in 2023 and a net income of RMB790.6 million (US$108.3 million) in 2024. We have been generating positive cash flows since the second quarter of 2022. In 2024, we had a net cash inflow from operating activities of RMB2,110.1 million (US$289.1 million).

Selected Income Statement Items

Total Revenues

We derive our revenues from (i) membership services, (ii) online advertising services, (iii) content distribution and (iv) others. The following table presents our revenue lines and as percentages of our total revenues for the periods presented.

	For the year ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Revenues:							
Membership services	17,710,830	61.1	20,314,216	63.7	17,762,814	2,433,496	60.8
Online advertising services	5,331,697	18.4	6,223,903	19.5	5,714,243	782,848	19.6
Content distribution	2,562,412	8.8	2,458,610	7.7	2,846,854	390,017	9.7
Others	3,392,609	11.7	2,875,922	9.1	2,901,327	397,480	9.9
Total revenues	**28,997,548**	**100.0**	**31,872,651**	**100.0**	**29,225,238**	**4,003,841**	**100.0**

Membership services. We offer membership packages primarily to provide our members with (i) access to streaming of a library of premium content, (ii) certain commercial skipping and other viewing privilege, and (iii) merchandise selection and privilege. We also offer a broader selection of paid services with innovative privileges. We generate a small portion of our membership services revenue from on-demand content purchase by our users and the sale of the right to membership services through the cooperation with other parties, where we recognize revenue on a net basis when we do not control the specified services before they are transferred to

the customer. We review and evaluate the scope and the price of our membership services periodically, and may adjust based on evolving market needs from time to time.

Online advertising services. Our advertising revenues are recognized net of advertising agency rebates in 2022, 2023 and 2024. Our online advertising services are in the form of brand advertising and performance-based advertising.

Content distribution. We distribute video content by sub-licensing such content to other third-party internet video streaming platforms, and as consideration, receive either cash or the right to broadcast certain licensed content from such platforms on our platform. We also distribute selected content to regions outside of mainland China and/or to TV stations in mainland China, as well as from the release of feature films for exhibition in theaters.

Others. We generate revenues from various other channels, such as online games, and talent agency business. We generate revenues from online games both by distributing third-party online games and sharing revenues with them, and offering online games we develop ourselves. We launched several new games we developed ourselves and new licensed games following our acquisition of Skymoons in July 2018, and plan to further broaden our offerings, especially games we develop ourselves that fully leverage the IP value in our content. We generate revenues from talent agency services, primarily from celebrity endorsement contracts for the artists we represent. In addition, we generate revenues from IP licensing, online literature and other business lines. We also generate revenue from other licensing, granting rights to certain customers to re-create short-form videos for selected content assets from our existing content library over a fixed license period.

Operating Costs and Expenses

Our operating costs and expenses consist of (i) cost of revenues, (ii) selling, general and administrative expenses and (iii) research and development expenses.

Cost of revenues. Our cost of revenues mainly consists of content costs and others. Content costs mainly consist of costs for original content, which includes amortization and impairment of capitalized produced content and expenses recorded when production costs exceed the total revenues to be earned; licensed content, which includes amortization and impairment of licensed copyrights; and revenue sharing cost for content uploaded by partners. Our cost of revenues may increase in the foreseeable future as we are committed to enhancing and diversifying our content offerings and to supporting our overseas expansion.

Selling, general and administrative expenses. Our selling expenses primarily consist of promotional and marketing expenses and compensation for our sales and marketing personnel. We expect our selling and marketing expenses as a percentage of total revenues to remain largely stable in the foreseeable future.

Our general and administrative expenses primarily consist of salaries and benefits for our general and administrative personnel and fees and expenses for legal, accounting and other professional services. We expect our general and administrative expenses as a percentage of total revenues to remain largely stable in the foreseeable future.

Research and development expenses. Research and development expenses primarily consist of salaries and benefits for our research and development personnel. We expect our research and development expenses as a percentage of total revenues to remain largely stable in the foreseeable future.

Taxation

We had income tax expense of RMB84.0 million, RMB80.0 million and RMB61.1 million (US$8.4 million) in 2022, 2023 and 2024, respectively. We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong, Singapore and mainland China.

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of estate duty or inheritance tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or 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. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Our subsidiaries in Hong Kong are subject to the uniform tax rate of 16.5%. Under the Hong Kong tax laws, we are generally exempted from the Hong Kong income tax on our foreign-derived income. Hong Kong does not impose a withholding tax on dividends.

Singapore

Generally, entities in Singapore are subject to a unified 17% tax rate. Singapore does not impose a withholding tax on dividends.

Mainland China

Generally, our mainland China subsidiaries, the variable interest entities and their subsidiaries are subject to enterprise income tax on their taxable income in mainland China at a rate of 25%. The enterprise income tax is calculated based on the entity's global income as determined under mainland China tax laws and accounting standards.

An enterprise may benefit from a preferential tax rate of 15% under the Enterprise Income Tax Law if it qualifies as a High and New Technology Enterprise. A High and New Technology Enterprise certificate is normally effective for a period of three years. Certain of our mainland China subsidiaries and variable interest entities, including Beijing QIYI Century, Shanghai Zhong Yuan and Beijing iQIYI, are qualified as High and New Technology Enterprises. The related tax benefits for our entities will expire in 2025 or 2027.

Our mainland China subsidiaries, the variable interest entities and their subsidiaries are generally subject to VAT at a rate of 3%, 6%, 9% or 13% and related surcharges.

If our holding company in the Cayman Islands or our subsidiary outside of mainland China were deemed to be a "resident enterprise" under the Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—If we are classified as a mainland China resident enterprise for mainland China income tax purposes, such classification could result in unfavorable tax consequences to us and our non-mainland China shareholders or ADS holders."

Results of Operations

Despite the lack of equity ownership, our Cayman Island holding company is considered as the primary beneficiary of the variable interest entities and consolidates the financial results of the variable interest entities and their subsidiaries as required by ASC topic 810, *Consolidation.* Accordingly, we treat the variable interest entities as our consolidated entities under U.S. GAAP and we consolidate the financial results of the variable interest entities in our consolidated financial statements in accordance with U.S. GAAP. The following table summarizes our consolidated results of operations in absolute amounts and as percentages of our total revenues for the years presented.

	For the year ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Revenues:							
Membership services	17,710,830	61.1	20,314,216	63.7	17,762,814	2,433,496	60.8
Online advertising services	5,331,697	18.4	6,223,903	19.5	5,714,243	782,848	19.6
Content distribution	2,562,412	8.8	2,458,610	7.7	2,846,854	390,017	9.7
Others	3,392,609	11.7	2,875,922	9.1	2,901,327	397,480	9.9
Total revenues	**28,997,548**	**100.0**	**31,872,651**	**100.0**	**29,225,238**	**4,003,841**	**100.0**
Operating costs and expenses:							
Cost of revenues[(1)]	(22,319,315)	(77.0)	(23,102,492)	(72.5)	(21,953,582)	(3,007,628)	(75.1)
Selling, general and administrative[(1)]	(3,466,579)	(12.0)	(4,014,070)	(12.6)	(3,682,050)	(504,439)	(12.6)
Research and development[(1)]	(1,899,233)	(6.5)	(1,766,610)	(5.5)	(1,778,403)	(243,640)	(6.1)
Total operating costs and expenses	(27,685,127)	(95.5)	(28,883,172)	(90.6)	(27,414,035)	(3,755,707)	(93.8)
Operating income	**1,312,421**	**4.5**	**2,989,479**	**9.4**	**1,811,203**	**248,134**	**6.2**
Total other expenses, net	(1,346,197)	(4.6)	(956,878)	(3.0)	(959,524)	(131,455)	(3.3)
(Loss)/income before income taxes	**(33,776)**	**(0.1)**	**2,032,601**	**6.4**	**851,679**	**116,679**	**2.9**
Income tax expenses	(84,000)	(0.3)	(80,047)	(0.3)	(61,090)	(8,369)	(0.2)
Net (loss)/income	**(117,776)**	**(0.4)**	**1,952,554**	**6.1**	**790,589**	**108,310**	**2.7**

Note:

(1) Share-based compensation expense was allocated as follows:

	For the year ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
Cost of revenues	147,045	133,160	121,048	16,584
Selling, general and administrative	425,209	314,788	273,330	37,446
Research and development	239,187	188,784	150,017	20,552
Total	**811,441**	**636,732**	**544,395**	**74,582**

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

Our revenues decreased by 8.3% from RMB31,872.7 million in 2023 to RMB29,225.2 million (US$4,003.8 million) in 2024.

Membership services. Our membership services revenue decreased by 12.6% from RMB20,314.2 million in 2023 to RMB17,762.8 million (US$2,433.5 million) in 2024, primarily due to a lighter content slate.

Online advertising services. Our online advertising services revenue decreased by 8.2% from RMB6,223.9 million in 2023 to RMB5,714.2 million (US$782.8 million) in 2024, primarily due to the decrease in the brand advertising business, partially offset by the growth of performance-based advertising business.

Content distribution. Our content distribution revenue increased by 15.8% from RMB2,458.6 million in 2023 to RMB2,846.9 million (US$390.0 million) in 2024, primarily attributable to the increase in the barter transactions.

Others. Other revenues increased slightly by 0.9% from RMB2,875.9 million in 2023 to RMB2,901.3 million (US$397.5 million) in 2024.

Cost of revenues

Our cost of revenues decreased by 5.0% from RMB23,102.5 million in 2023 to RMB21,953.6 million (US$3,007.6 million) in 2024, primarily due to a decrease in the content cost.

Content cost. Content cost decreased by 4.8% from RMB16,496.4 million in 2023 to RMB15,709.7 million (US$2,152.2 million) in 2024, primarily due to a lighter content slate.

Starting in the fourth quarter of 2024, certain items within the cost of revenues have been reclassified. Personnel compensation expenses directly associated with the acquisition, licensing and production of content have been reclassified under content costs, while non-video content-related costs have been removed from content costs. This reclassification has been retrospectively applied to corresponding prior periods.

Gross profit

As a result of the foregoing, our gross profit decreased by 17.1% from RMB8,770.2 million in 2023 to RMB7,271.7 million (US$996.2 million) in 2024. Our gross profit as a percentage of total revenues declined from 27.5% in 2023 to 24.9% in 2024, primarily due to the decrease in our membership services revenue.

Selling, general and administrative expenses

Selling expenses decreased by 9.3% from RMB3,393.4 million in 2023 to RMB3,079.4 million (US$421.9 million) in 2024, primarily due to the decrease in our marketing and promotional expenses. Our marketing and promotional expenses decreased by 7.9% from RMB2,632.7 million in 2023 to RMB2,424.9 million (US$332.2 million) in 2024 due to the less spending on user acquisition and content promotions.

General and administrative expenses decreased by 2.9% from RMB620.7 million in 2023 to RMB602.7 million (US$82.6 million) in 2024.

Research and development expenses

Our research and development expenses increased slightly from RMB1,766.6 million in 2023 to RMB1,778.4 million (US$243.6 million) in 2024.

Income tax expense

In 2024, we recognized RMB61.1 million (US$8.4 million) of income tax expense, which resulted from RMB85.5 million (US$11.7 million) current year income tax and RMB24.4 million (US$3.3 million) deferred income tax income. In comparison, in 2023, we recognized RMB80.0 million of income tax expense, which resulted from RMB81.0 million current year income tax and RMB1.0 million deferred income tax expense.

Net income

As a result of the foregoing, we recorded a net income of RMB790.6 million (US$108.3 million) in 2024, compared to a net income of RMB1,952.6 million in 2023.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

For a detailed description of the comparison of our operating results for the year ended December 31, 2023 to the year ended December 31, 2022, see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operation—Year Ended December 31, 2023 Compared with Year Ended December 31, 2022" of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 14, 2024.

Impact of Foreign Currency Fluctuation

See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Risk."

Impact of Governmental Policies

See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China" and "Item 4. Information on the Company—B. Business Overview—Government Regulations."

B. LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2024, we had RMB3,529.7 million (US$483.6 million) in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and highly liquid investments, which are unrestricted from withdrawal or use, or which have original maturities of three months or less when purchased. As of December 31, 2024, we had RMB941.6 million (US$129.0 million) in short-term investments. Our short-term investments consisted of available-for-sale debt securities with maturities of less than one year purchased from commercial banks and other financial institutions. Our total current liabilities were RMB21.5 billion (US$2.9 billion) as of December 31, 2024, which primarily included RMB6,482.2 million (US$888.1 million) in accounts and notes payable, RMB4,403.7 million (US$603.3 million) in customer advances and deferred revenue, and RMB3,786.9 million (US$518.8 million) in short-term loans. As of December 31, 2024, we had unused credit lines of RMB3.3 billion (US$0.4 billion) and a working capital deficit of RMB12.0 billion (US$1.6 billion).

We generated a net income of RMB790.6 million (US$108.3 million) in 2024 and had a net cash generated from operating activities of RMB2,110.1 million (US$289.1 million) in 2024. Accounts and notes payable amounted to RMB5,671.1 million and RMB6,482.2 million (US$888.1 million) as of December 31, 2023 and 2024, respectively. A substantial majority of our accounts and notes payable are due to content providers. The increase in accounts and notes payable in 2024 was primarily due to an increase in content acquisition related payables. To finance our operations, we have incurred a significant amount of indebtedness and other liabilities in relation to our convertible senior notes and other financing arrangements. We had only been able to generate positive net cash flows since the second quarter of 2022. We cannot assure you that we will be able to generate sufficient cash flow from our operations or secure additional financing to support the repayment of our indebtedness when our payments become due.

Historically, we have issued convertible senior notes, which are senior, unsecured obligations of our company. Upon the occurrence of an event of default, the trustee or the holders of at least 25% in aggregate principal amount of our convertible senior notes may declare the whole principal of, and accrued and unpaid interest on, all the notes to be due and payable immediately, subject

to certain exceptions and conditions under the respective indenture. Furthermore, upon the occurrence of a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount and accrued and unpaid interests. In the event of a fundamental change, we may also be required to issue additional ADSs upon conversion of the notes.

Our current cash and cash equivalents, restricted cash, short-term investments and proceeds and lines of credit/financing available to us and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures for at least the next 12 months. We prudently manage our working capital to support our business and operations. We have been exploring and executing plans to reduce discretionary capital expenditures and operational expenses and secure additional financing, including, but not limited to, obtaining additional credit facilities from banks in the normal course of business, re-financing certain existing loans and credit facilities, and raising funds through additional issuances of equity and/or debt in public and/or private capital market transactions.

We have conducted the below debt and equity financing activities in the last three fiscal years:

- In March 2022, we entered into subscription agreements with Baidu and a consortium of financial investors that include Oasis Management Company Ltd., pursuant to which these parties purchased from us, through a private placement, a total of 164,705,882 newly issued Class B ordinary shares and 304,705,874 newly issued Class A ordinary shares of our company, for a total purchase price of US$285 million in cash. In accordance with the subscription agreements, Baidu subscribed for Class B ordinary shares, and the financial investors subscribed for Class A ordinary shares.
- In December 2022, we issued an aggregate amount of US$500 million convertible notes due January 2028, to PAG. In February 2023, we issued to PAG an additional US$50 million principal amount of the PAG Notes upon its exercise to subscribe for additional notes in full. The PAG Notes bear an interest rate of 6% per annum and will mature on January 1, 2028. Holders of the PAG Notes may also have the right to require us to repurchase their notes in the event of certain fundamental changes or events of default. On the maturity date, we are obligated to pay a premium at 30% of the principal amount of the PAG Notes, in addition to repaying the principal amount itself.
- In January 2023, we completed a registered follow-on public offering of 76,500,000 ADSs at a public offering price of US$5.90 per ADS. The underwriters exercised their option to purchase 9,975,000 additional ADSs at the price of US$5.90 per ADS in January 2023. We received net proceeds of US$500.0 million from the follow-on offering, including the exercise of the underwriters' option to purchase additional ADSs, after deducting the underwriters' discounts and commissions.
- In March 2023, we completed an offering of US$600 million in aggregate principal amount of 6.50% convertible senior notes due March 2028. Holders of the 2028 Notes may require us to repurchase all or a portion of their notes for cash on March 16, 2026 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

In addition, in February 2025, we completed an offering of US$350 million in aggregate principal amount of 4.625% convertible senior notes due March 2030. Holders of the 2030 Notes may require us to repurchase all or a portion of their notes for cash on March 15, 2028 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

We have also conducted the following structured payable arrangements in the last three fiscal years:

- Since 2020, we have entered into structured payable arrangements with banks or other financial institutions, pursuant to which the suppliers' receivables collection process was accelerated through selling their receivables from us to the banks or other financial institutions at a discount. We were legally obligated to pay the banks or other financial institutions in the amount totaling RMB1,497.4 million, RMB1,771.1 million and RMB1,119.2 million (US$153.3 million) for the year ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2024, the outstanding borrowings from the factoring arrangements was RMB717.9 million (US$98.4 million), which is repayable within one year.

In terms of business and operational initiatives, we will continue to (i) pursue diversified monetization models, including membership services, online advertising services, content distribution, online games, IP licensing, talent agency, and online literature, (ii) work closely with our advertising customers and suppliers to optimize our payment terms, and (iii) strengthen our content production capabilities and improve production efficiency to enhance content quality, increase return on investment, and manage our cost and operating expenses, in particular content costs.

As we will continue to invest in both original and licensed content and technology to support our growth, we may not be able to improve our working capital or liquidity position or to generate or maintain positive net cash flows beyond the next 12 months. We

have taken a series of measures to mitigate such risks, including stepping up efforts in accounts receivable collection as well as actively controlling spending through careful budget formulation, stringent budge implementation and payment arrangements with longer payment period. We are also exploring opportunities to obtain additional financing, including financing from new and/or existing shareholders, and financing generated through capital market transactions and commercial banks. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have substantial indebtedness and we may continue to incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations on a timely manner. Deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and continue our operations" and "—We have significant working capital requirements and have in the past experienced working capital deficits. If we experience such working capital deficits in the future, our business, liquidity, financial condition and results of operations may be materially and adversely affected." Despite our efforts to pursue our fund raising plans and business initiatives, the successful completion of these plans is dependent on factors outside of our control and there can be no assurances that new financings or other transactions will be available to us on commercially acceptable terms, or at all. In addition, the deterioration in global economic conditions or escalation of geopolitical conflicts and other adverse changes in macro-economic conditions may adversely impact our ability to secure additional financing.

As of December 31, 2024, 69.4% of our cash and cash equivalents and short-term investments were held in mainland China, while 34.5% of our cash and cash equivalents and short-term investments were held by the variable interest entities and their subsidiaries.

Although we consolidate the results of the variable interest entities and their subsidiaries, we only have access to the assets or earnings of the variable interest entities and their subsidiaries through our contractual arrangements with the variable interest entities and their shareholders.

See "Item 4. Information on the Company—C. Organizational Structure" For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding company structure." We may make additional capital contributions to our mainland China subsidiaries, establish new mainland China subsidiaries and make capital contributions to these new mainland China subsidiaries, make loans to our mainland China subsidiaries, or acquire offshore entities with business operations in mainland China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our mainland China subsidiaries must be registered with the SAMR or its local counterparts, and reported to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System; and
- loans by our company to our mainland China subsidiaries to finance their activities cannot exceed the difference between its registered capital and its total investment amount as recorded in the foreign investment comprehensive management information system or, as an alternative, only procure loans subject to the Risk-Weighted Approach and the Net Asset Limits and must be registered with SAFE or its local branches or filed with SAFE in its information system. Any loan to be provided by our company to our mainland China subsidiaries, variable interest entities and their subsidiaries with a term of more than one year must be recorded and registered by the NDRC or its local branches.

See "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Foreign Exchange." There is, in effect, no statutory limit on the amount of capital contribution that we can make to our mainland China subsidiaries. This is because there is no statutory limit on the amount of registered capital for our mainland China subsidiaries, and we are allowed to make capital contributions to our mainland China subsidiaries by subscribing for their initial registered capital and increased registered capital, provided that the mainland China subsidiaries complete the filing and registration procedures. With respect to loans to the mainland China subsidiaries by our company, (i) if the mainland China subsidiaries determine to adopt the traditional foreign exchange administration mechanism, or the Current Foreign Debt Mechanism, the outstanding amount of the loans shall not exceed the difference between the total investment and the registered capital of the mainland China subsidiaries and there is, in effect, no statutory limit on the amount of loans that we can make to our mainland China subsidiaries under this circumstance since we can increase the registered capital of our mainland China subsidiaries by making capital contributions to them, subject to the completion of registration, and the difference between the total investment and the registered capital will increase accordingly; and (ii) if the mainland China subsidiaries determine to adopt the foreign exchange administration mechanism as provided in PBOC Notice No. 9, or the Notice No. 9 Foreign Debt Mechanism, the risk-weighted outstanding amount of the loans, which shall be calculated based on the formula provided in PBOC Notice No. 9, shall not exceed 200% of the net asset of the mainland China subsidiary. According to PBOC Notice No. 9, after a transition period of one year since the promulgation of PBOC Notice No. 9, the People's Bank of China and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the People's Bank of China nor SAFE has promulgated

and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the People's Bank of China and SAFE in the future and what statutory limits will be imposed on us when providing loans to our mainland China subsidiaries.

We have in place a centralized cash management policy and established stringent controls and procedures for cash flows within our organization. Under our cash management policy, cash is managed by the centralized treasury department of our company, and each transfer of cash between our Cayman Islands holding company and a subsidiary, the variable interest entities or the subsidiaries of the variable interest entities is subject to internal approval. All such transfers are reviewed and approved by the authorities where required, including SAFE. We only allow the treasury department personnel to have access to our funds, and we also segregate duties between personnel involved in funds management. The cash management policy is our management policy and adheres to the applicable laws and regulations. In addition, our board of directors has complete discretion on whether to distribute dividends to the shareholders. 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, we will pay our ADS holders to the same extent as holders of our Class A ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 8. Financial Information—A. Consolidated Statements and other Financial Information—Dividend Policy."

A majority of our future revenues are likely to continue to be in the form of Renminbi. Under existing PRC foreign exchange regulations, Renminbi may be converted into foreign exchange for current account items, including profit distributions, interest payments and trade and service related foreign exchange transactions.

Our mainland China subsidiaries may convert Renminbi amounts that they generate in their own business activities, including technical consulting and related service fees pursuant to their contracts with the variable interest entities, as well as dividends they receive from their own subsidiaries, into foreign exchange and pay them to their non-mainland China parent companies in the form of dividends. However, current PRC regulations permit our mainland China subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. Each of our mainland China subsidiaries is required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends.

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

	For the year ended December 31,			
	2022 RMB	2023 RMB	2024 RMB	2024 US$
	(in thousands)			
Summary Consolidated Cash Flows Data:				
Net cash (used for)/provided by operating activities	(70,569)	3,351,600	2,110,057	289,075
Net cash provided by/(used for) investing activities	265,980	(1,739,515)	(2,444,870)	(334,945)
Net cash provided by/(used for) financing activities	4,468,863	(4,285,072)	(1,370,121)	(187,705)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	122,418	92,039	14,657	2,008
Net increase/(decrease) in cash, cash equivalents and restricted cash	4,786,692	(2,580,948)	(1,690,277)	(231,567)
Cash, cash equivalents and restricted cash at the beginning of the year	3,074,864	7,861,556	5,280,608	723,440
Cash, cash equivalents and restricted cash at the end of the year	7,861,556	5,280,608	3,590,331	491,873

Net Cash (Used for)/Provided by Operating Activities

Net cash provided by operating activities was RMB2,110.1 million (US$289.1 million) in 2024, primarily attributable to net income of RMB790.6 million (US$108.3 million), adjusted by non-cash items of RMB13,678.6 million (US$1,874.0 million) and cash outflow from changes in operating assets and liabilities of RMB12,359.1 million (US$1,693.2 million). The decrease in non-cash items compared with 2023 was primarily due to a decrease of amortization and impairment of produced content and an increase of barter transaction revenue, partially offset by an increase of amortization of licensed copyright. The decrease of cash outflow from changes in operating assets and liabilities compared with 2023 was primarily due to a decrease in accounts payable and prepayments and other assets, which was offset by an increase in other non-current liabilities.

Net cash provided by operating activities was RMB3,351.6 million in 2023, primarily attributable to net income of RMB1,952.6 million, adjusted by non-cash items of RMB14,757.5 million and cash outflow from changes in operating assets and liabilities of RMB13,358.5 million. The increase in non-cash items compared with 2022 was primarily due to an increase of amortization and impairment of produced content, which was offset by a decrease of amortization of licensed copyright. The decrease of cash outflow from changes in operating assets and liabilities compared with 2022 was primarily due to a decrease in accounts payable, which was offset by increase in other non-current liabilities.

Net cash used for operating activities was RMB70.6 million in 2022, primarily attributable to net loss of RMB117.8 million, adjusted by non-cash items of RMB14,540.4 million and cash outflow from changes in operating assets and liabilities of RMB14,493.2 million. The decrease in non-cash items compared with 2021 was primarily due to decreases of amortization and impairment of licensed copyrights and produced content. The decrease of cash outflow from changes in operating assets and liabilities compared with 2021 was primarily due to decreased licensed copyrights and produced content, which was offset by increased accounts payable.

Net Cash Provided by/(Used for) Investing Activities

Net cash used for investing activities was RMB2,444.9 million (US$334.9 million) in 2024, primarily due to (i) cash outflow from loans provided to related parties of RMB2,316.2 million (US$317.3 million), (ii) cash outflow from purchasing of debt securities of RMB948.0 million (US$129.9 million), and (iii) cash inflow from maturities of debt securities of RMB953.0 million (US$130.6 million).

Net cash used for investing activities was RMB1,739.5 million in 2023, primarily due to (i) cash inflow from maturities of debt securities of RMB1,769.3 million, (ii) cash outflow from loans provided to related parties of RMB1,472.6 million, and (iii) cash outflow from purchasing of debt securities of RMB1,890.5 million.

Net cash provided by investing activities was RMB266.0 million in 2022, primarily due to (i) cash outflow from purchasing of debt securities of RMB4,459.5 million, (ii) cash inflow from maturities of debt securities of RMB5,030.6 million, and (iii) cash outflow from purchase of long-lived assets of RMB348.1 million.

Net Cash Provided by/(Used for) Financing Activities

Net cash used for financing activities was RMB1,370.1 million (US$187.7 million) in 2024, primarily due to (i) cash outflow used for repayments or redemption of convertible senior notes of RMB2,914.2 million (US$399.2 million), and (ii) proceeds from long-term loans of RMB1,120.3 million (US$153.5 million).

Net cash used for financing activities was RMB4,285.1 million in 2023, primarily due to (i) cash outflow used for repayments or redemption of convertible senior notes of RMB11,736.0 million, (ii) net cash inflow from issuance of convertible senior notes of RMB4,415.4 million, and (iii) net cash inflow from follow-up offering of RMB3,391.3 million.

Net cash provided by financing activities was RMB4,468.9 million in 2022, primarily due to (i) net cash inflow from issuance of convertible senior notes of RMB3,448.6 million, and (ii) net cash inflow from issuance of ordinary shares upon private placement of RMB1,807.2 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2024 and any subsequent period primarily include our capital expenditures, long-term debt obligations, operating lease obligations, and purchase obligations.

Our capital expenditures are incurred primarily in connection with leasehold improvements, computers and servers, and construction in process. Our capital expenditures were RMB174.3 million, RMB37.0 million and RMB79.3 million (US$10.9 million) in the years ended December 31, 2022, 2023 and 2024, respectively. Our capital expenditures decreased significantly in 2023 because we enhanced our overall cost control initiative.

Our capital expenditures may increase in the future as our business continues to grow. We currently plan to fund these expenditures with our current cash and cash equivalents, short-term investments and anticipated cash flow generated from our operating activities.

We intend to fund our existing and future material cash requirements with our cash provided by operating activities, existing cash and cash equivalents, restricted cash, short-term investments and other financing alternatives. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

The following table sets forth our contractual obligations by specified categories as of December 31, 2024.

	Payment due by period					
	Total	**2025**	**2026**	**2027**	**2028**	**2029 and after**
			(in RMB thousands)			
Long-Term Debt and Convertible Senior Notes Obligations[1]	12,295,283	735,865	1,397,734	674,962	9,475,751	10,971
Operating Lease Obligations[2]	680,315	98,666	93,591	89,125	85,931	313,002
Purchase Obligations[3]	18,416,989	9,304,783	4,924,724	2,279,480	1,377,274	530,728
Total	**31,392,587**	**10,139,314**	**6,416,049**	**3,043,567**	**10,938,956**	**854,701**

Notes:

(1) On March 29, 2019, we issued US$1,200 million convertible senior notes, which we refer to as the 2025 Notes. The 2025 Notes are senior, unsecured obligations of us, and interest is payable semi-annually in cash at a rate of 2.00% per annum on October 1 and April 1 of each year, beginning on October 1, 2019. The 2025 Notes will mature on April 1, 2025, unless redeemed, repurchased or converted prior to such date. In 2023, we redeemed US$1,197.6 million aggregate principal amount of the 2025 Notes as requested by the holders. The holders of the 2025 Notes may also require us to repurchase all or a portion of the 2025 Notes for cash upon a fundamental change.

On December 21, 2020, we issued US$800 million convertible senior notes and offered an additional US$100 million principal amount simultaneously, issuable pursuant to the underwriters' exercise of option to purchase additional notes. On January 8, 2021, the additional US$100 million principal amount was issued pursuant to the underwriters' exercise of their option. The convertible senior notes issued on December 21, 2020 and January 8, 2021, which we collectively refer to as the 2026 Notes, are senior, unsecured obligations of us, and interest is payable semi-annually in cash at a rate of 4.00% per annum on June 15 and December 15 of each year, beginning on June 15, 2021. The 2026 Notes will mature on December 15, 2026, unless repurchased, redeemed or converted prior to such date. In 2023, we entered into separate individually and privately negotiated agreements with certain holders of the 2026 Notes, pursuant to which we repurchased US$504.4 million principal amount of the 2026 Notes for cash. In 2024, we redeemed US$395.5 million aggregate principal amount of the 2026 Notes as requested by the holders. The holders may also require us to repurchase all or a portion of the 2026 Notes upon a fundamental change.

On December 30, 2022, we issued an aggregate amount of US$500 million convertible senior notes due January 2028, which we refer to as the PAG Notes, to PAG. In February 2023, we issued to PAG an additional US$50 million principal amount of the PAG Notes upon its exercise to subscribe for additional notes in full. The PAG Notes, secured by certain collateral arrangements, bear an interest rate of 6% per annum and will mature on January 1, 2028. On the maturity date, we are obligated to pay a premium at 30% of the principal amount of the PAG Notes, in addition to repaying the principal amount itself. Holders of the PAG Notes also have the right to require us to repurchase all or part of their notes in the event of certain fundamental changes and events of default.

On March 7, 2023, we issued US$600 million convertible senior notes, which we refer to as the 2028 Notes. The 2028 Notes are senior, unsecured obligations of us, and interest is payable quarterly in cash at a rate of 6.50% per annum on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2023. The 2028 Notes will mature on March 15, 2028, unless redeemed, repurchased or converted prior to such date. The holders may require us to repurchase all or a portion of the 2028 Notes for cash on March 16, 2026, or upon a fundamental change, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest. In 2023 and 2024, we entered into separate individually and privately negotiated agreements with certain holders of the 2028 Notes, pursuant to which we repurchased US$34.4 million principal amount of the 2028 Notes for cash.

For further information, please see "Loans Payable" under Note 13 and "Convertible Senior Notes" under Note 14 to our consolidated financial statements included elsewhere in this annual report.

(2) Operating lease obligations represent our obligations for leasing office premises and internet data center facilities.

(3) Purchase obligations represent our future minimum payments under non-cancelable agreements for licensed copyrights, produced content, property management fees and fixed assets.

Other than the contractual obligations set forth above, we do not have any significant contractual obligations that are long-term debt obligations, capital/operating lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet as of December 31, 2024.

Holding Company Structure

iQIYI, Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our mainland China subsidiaries, the variable interest entities and their subsidiaries in mainland China. As a result, iQIYI, Inc.'s ability to pay dividends to the shareholders and investors of the ADSs depends upon dividends paid by our mainland China subsidiaries. If our existing mainland China subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in mainland China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the variable interest entities in mainland China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries in mainland China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and the variable interest entities may allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus

fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of mainland China is subject to examination by the banks designated by SAFE. Our mainland China subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

The table below sets forth the respective revenue contribution and assets of iQIYI, Inc. and our wholly-owned subsidiaries and the VIEs and VIEs' subsidiaries as of the dates and for the periods indicated:

	Total revenues[(1)]		
	For the year ended December 31,		
	2022	2023	2024
iQIYI, Inc. and its wholly-owned subsidiaries	7.6%	7.7%	6.9%
Variable interest entities and their subsidiaries	92.4%	92.3%	93.1%
Total	**100.0%**	**100.0%**	**100.0%**

Notes:

(1) The percentages exclude the inter-company transactions and balances between iQIYI, Inc. and our wholly-owned subsidiaries and the variable interest entities.

	Total assets		
	As of December 31,		
	2022	2023	2024
iQIYI, Inc. and its wholly-owned subsidiaries	38.4%	36.2%	40.5%
Variable interest entities	61.6%	63.8%	59.5%
Total	**100.0%**	**100.0%**	**100.0%**

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Technology

Technology is the bedrock of our products and services. More than 40% of our employees are engineers dedicated to technological innovation and breakthrough. We utilize AI technology to drive our entire business, including video content creation, purchase, production, tagging, distribution, monetization and customer service, to achieve automation and intelligence in the entire business process. Our advanced technologies facilitate better content production, enhanced operation efficiency and superior user experience. To maintain our industry-leading position, we have established extensive cooperation with many industry-leading research institutes.

Technologies to Enhance Content Production and Operation Efficiency

We empower content production and monetization cycle by applying various technologies. We have developed and put into use an integral set of technology infrastructures and tools, comprising of: (i) intelligent integrated production systems that improve digital workflow by integrating and streamlining the elements of video production; (ii) production business intelligence systems and integrated production tool sets that empower content producers with AI-powered decision-making, and (iii) other tools that support the facilitation of the content production process.

Leveraging our massive user data and big data analytics, we have developed a comprehensive system for script evaluation and casting. Our holistic data analysis supports content investment strategy through advanced algorithms that forecast video views and film box office, which result in more monetization opportunities and higher user value. Promising monetization capabilities then encourage the generation and distribution of more high-quality content on iQIYI platform, creating a virtuous cycle.

Our technologies also enhance our efficiency. We have leveraged AI, big data, and cloud computing technologies to distribute our massive content to targeted users accurately. Our user and content tagging system precisely analyzes user profile and conduct content recommendation. We provide personalized content distribution by intelligent recommendations. We balance user experience with video monetization by utilizing personalized and automatic advertising customized to video scenarios, video-in, video-out and other ad-marketing technology. We provide timely response and feedback service through AI-based autonomous service robots and online customer service center.

Technologies to Enhance User Experience

We apply advanced deep learning technology to areas such as advanced content tagging, user profiling, developing knowledge graph and content recommendation. Users are given recommendations based on automatic classification of their tags.

In addition to content recommendations catering to users' interests, our advanced video, audio and AI technologies provide users with superior viewing experience in a cost-effective manner. We are one of a few streaming entertainment service providers in mainland China providing concurrent 4K/8K high-definition video quality, HDR (High Dynamic Range) video, Dolby Atmos® audio effect and ultimate cinematic like immersive experience via eXave Max. Leveraging our big data analytics, features such as AI Radar and Watch Me Only support real-time recognition and search of information from video images, or allow users to view only the segments featuring particular artists. We have one of the world's largest P2P and CDN-based HCDN (hybrid content delivery network), which seamlessly distributes and transmits massive internet video with high quality and low bandwidth cost.

In the years ended December 31, 2022, 2023 and 2024, our research and development expenditures, including share-based compensation expenses for research and development staff, were RMB1,899.2 million, RMB1,766.6 million and RMB1,778.4 million (US$243.6 million), respectively, representing 6.5%, 5.5% and 6.1% of our total revenues for the years ended December 31, 2022, 2023 and 2024, respectively. Our research and development expenses consist primarily of personnel-related costs (including share-based compensation expenses).

D. TREND INFORMATION

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. CRITICAL ACCOUNTING ESTIMATES

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and total revenues and expenses. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from what we expect.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. Such critical estimates are discussed below. For further information on our other significant accounting estimates, see Note 2 to our consolidated financial statements included elsewhere in this annual report.

Amortization of content assets

Based on factors including historical and estimated future viewership consumption patterns, our content assets (licensed copyrights and produced content) are amortized using an accelerated method by content categories over the shorter of each content's contractual period or estimated useful lives within ten years, beginning with the month of first availability. We review factors that impact the amortization of the content assets on a regular basis, such as the estimates of future viewership consumption patterns and estimated useful lives. Our estimates related to these factors require complex and subjective management judgment and any changes in our estimates of future viewership consumption patterns and estimated useful lives may cause us to realize different amounts of amortization in future periods.

Critical Accounting Policies and Judgments

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. For further information on our significant accounting policies, see Note 2 to our consolidated financial statements included elsewhere in this annual report.

Consolidation of Affiliated Entities

In order to comply with PRC laws and regulations limiting foreign ownership of or imposing conditions on value-added telecommunication services, internet, value-added telecommunication-based online advertising, online audio and video services and mobile application distribution businesses, we operate our internet platform and conduct our value-added telecommunication-based

online advertising, online audio and video services and mobile application distribution businesses through our affiliated entities in mainland China by means of contractual arrangements. We have entered into certain exclusive agreements with the affiliated entities through our subsidiaries, which obligate us to absorb losses of the affiliated entities that could potentially be significant to them or entitle us to receive economic benefits from the affiliated entities that could potentially be significant to them. In addition, we have entered into certain agreements with the affiliated entities and the nominee shareholders of affiliated entities, which enable us to direct the activities that most significantly affect the economic performance of the affiliated entities. Based on these contractual arrangements, we consolidate the affiliated entities as required by ASC topic 810, *Consolidation,* because we hold all the variable interests of the variable interest entities directly or through our subsidiaries, which are considered as the primary beneficiaries of the variable interest entities. We will reconsider the initial determination of whether a legal entity is a variable interest entity upon certain events listed in ASC 810-10-35-4 occurred. We will also continuously reconsider whether we are considered as the primary beneficiary of our affiliated entities as facts and circumstances change. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

Revenue Recognition

Our revenues are derived principally from membership services, online advertising services and content distribution. Revenue is recognized when control of promised goods or services is transferred to our customers in an amount of consideration to which an entity expects to be entitled to in exchange for those goods or services. Value added taxes ("VAT") are presented as a reduction of revenues. Our revenue recognition policies are set forth as follows.

Membership services

We offer membership services to subscribing members with various privileges, which primarily include access to exclusive and ad-free streaming of premium content 1080P/4K high-definition video, eXave Max, Dolby Audio, and accelerated downloads and others.

When the receipt of membership fees is for services to be delivered over a period of time, the receipt is initially recorded as "Customer advances and deferred revenue" on the consolidated balance sheets and revenue is recognized ratably over the membership period as services are rendered. Membership services revenue also includes fees earned from subscribing members for on-demand content purchases and early access to premium content. We are the principal in our relationships where partners, including consumer electronics manufacturers (TVs and cell phones), mobile operators, internet service providers and online payment agencies, provide access to the membership services or payment processing services as we retain control over our service delivery to our subscribing members. Typically, payments made to the partners, are recorded as cost of revenues. For the sale of the right to other membership services, through strategic cooperation with other parties, we recognize revenue on a net basis when we do not control the specified services before they are transferred to the customer.

Online advertising services

We sell advertising services by delivering both brand advertising and performance-based advertising, primarily to third-party advertising agencies and a small portion is sold directly to advertisers. Advertising contracts are signed to establish the price and advertising services to be provided. For brand advertising, we provide advertisement placements on our platforms in different formats, including but not limited to video, banners, links, logos, brand placement and buttons. For contracts where we provide customers with multiple performance obligations, consideration is allocated to each performance obligation based on its relative standalone selling price and revenue is recognized as each performance obligation is satisfied through our display of the advertisements in accordance with the advertising contracts.

For performance-based advertising, we distribute our customers sponsored links or advertisements by leveraging the traffic of our own and other partners' online properties in the same way. As the principal, we recognize revenue from performance-based advertising on a gross basis and payments made to our partners are recorded as cost of revenues in the consolidated statements of comprehensive (loss)/income.

We provide various sales incentives to our customers for meeting certain cumulative purchase volume requirements, including cash rebates to certain third-party advertising agencies and non-cash credits which can be used to acquire future online advertising services in certain bundled arrangements, which are negotiated on a contract by contract basis with customers. We account for cash rebates granted to customers as variable consideration which is measured based on the most likely amount of incentive to be provided to customers. Non-cash credits granted to customers are considered options to acquire additional services that provide customers with a material right. The contract consideration related to these customer options to acquire additional services are deferred and recognized as revenue when future services are transferred or when the options expire.

Content distribution

We generate revenues from sub-licensing content assets within authorized scope for cash or through nonmonetary exchanges mainly with other online video broadcasting companies, as well as from the release of feature films for exhibition in theaters. For cash sub-licensing transactions, we are entitled to receive the sub-license fee under the sub-licensing arrangements and do not have any future obligation once we have provided the underlying content to the sub-licensee (which is provided at or before the beginning of the sub-license period). The sub-licensing of content assets represents a license of functional intellectual property which grants a right to use our content assets and is recognized at the point in time when the content asset is made available for the customer's use and benefit.

We also enter into nonmonetary transactions to exchange online broadcasting rights of content assets with other online video broadcasting companies from time to time. The exchanged content assets provide rights for each party to broadcast the content assets received on its own platform only. Each transferring party retains the right to continue broadcasting the exclusive content on its own platform and/or sublicense the rights to the content it surrendered in the exchange. We account for these nonmonetary exchanges based on the fair value of the asset received. Barter revenues are recognized in accordance with the same revenue recognition criteria above. We estimate the fair value of the content assets received using a market approach based on various factors, including the purchase price of similar non-exclusive and/or exclusive contents, broadcasting schedule, cast and crew, theme, popularity and box office. The transaction price of barter transaction is calculated on the individual content asset basis. For a significant barter transaction, we further review the fair value by analyzing against the cost of the content assets bartered out and/or engage a third-party valuation firm to assess the reasonableness of its fair value. The attributable cost of sublicensing transactions, whether for cash or through nonmonetary exchanges, is recognized as cost of revenues through the amortization of the sublicensing right component of the exclusive content asset.

Long-term investments

Our long-term investments consist of equity securities without readily determinable fair values, equity method investments, available-for-sale debt securities accounted for at fair value and equity securities with readily determinable fair value.

Equity investments, except for those accounted for under the equity method, and those that result in consolidation of the investee and certain other investments, are measured at fair value in accordance with ASC topic 321, *Investments-Equity Securities* ("ASC 321") and any changes in fair value are recognized in earnings. For equity securities without readily determinable fair values and do not qualify for the existing practical expedient in ASC topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") to estimate fair value using the net asset value per share (or its equivalent) of the investment, we elected to use the measurement alternative to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. Equity securities with readily determinable fair values are measured at fair value, and any changes in fair value are recognized in earnings.

Investments in entities in which we can exercise significant influence and hold an investment in voting common stock or in-substance common stock (or both) of the investee but do not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323, *Investments-Equity Method and Joint Ventures* ("ASC 323"). Under the equity method, we initially record our investments at cost and the difference between the cost of the equity investee and the amount of the underlying equity in the net assets of the equity investee is accounted for as if the investee was a consolidated subsidiary. We subsequently adjust the carrying amount of the investments to recognize our proportionate share of each equity investee's net income or loss into earnings after the date of investment. When calculating its proportionate share of each equity investee's net income or loss, we adjust the net income or loss of equity investee to include accretion of preferred stock that is classified in temporary equity in the equity investee's financial statements. Intra-entity profits and losses shall be eliminated until realized by us or the investee as if the investee was consolidated. We will discontinue applying the equity method if an investment (plus additional financial support provided to the investee, if any) has been reduced to zero. When we have other investments in our equity-method investee and are not required to advance additional funds to the investee, we would continue to report our share of equity method losses in our consolidated statements of comprehensive (loss)/income after our equity-method investment in ordinary shares has been reduced to zero, to the extent of and as an adjustment to the adjusted basis of our other investments in the investee. We evaluate the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in the consolidated statements of comprehensive (loss)/income when the decline in value is determined to be other-than-temporary.

Available-for-sale debt securities are convertible debt instruments issued by private companies and investments in equity securities that are redeemable at our option, which are measured at fair value, with interest income recorded in earnings and unrealized gains or losses recorded in accumulated other comprehensive income.

Produced content, net

We produce original content in-house and in collaboration with external parties. Produced content primarily consists of films, episodic series, mini and short dramas, variety shows and animations. The costs incurred in the physical production of original content include direct production costs, production overhead and acquisition costs. Produced content also includes cash expenditures made to acquire a proportionate share of certain rights to films including profit sharing, distribution and/or other rights. Exploitation costs are expensed as incurred. Participation costs are accrued using the individual-film-forecast-computation method, which recognizes the costs in the same ratio as the associated ultimate revenue. Production costs for original content that are predominantly monetized in a film group are capitalized. Production costs for original content that are predominantly monetized on its own are capitalized to the extent that they are recoverable from total revenues expected to be earned ("ultimate revenue"); otherwise, they are expensed as cost of revenues.

Ultimate revenue estimates include revenue expected to be earned from all sources, including exhibition, licensing, or exploitation of produced content if we have demonstrated a history of earning such revenue. We estimate ultimate revenue to be earned during the estimated useful lives of produced content based on anticipated release patterns and historical results of similar produced content, which are identified based on various factors, including cast and crew, target audience and popularity. The capitalized production costs are reported separately as noncurrent assets with caption of "Produced content, net" on the consolidated balance sheets.

Based on factors including historical and estimated future viewership consumption patterns, we amortize produced content that is predominantly monetized in a film group. For produced content that is monetized on its own, we consider historical and estimated usage patterns to determine the pattern of amortization. Based on the estimated patterns, we amortize produced content using an accelerated method over its estimated useful lives within ten years, beginning with the month of first availability and such costs are included in "Cost of revenues" in the consolidated statements of comprehensive (loss)/income.

Licensed copyrights, net

Licensed copyrights consist of professionally produced content, such as films, drama series, mini and short dramas, variety shows and other video content acquired from external parties. The license fees are capitalized and, unless prepaid, a corresponding liability is recorded when the cost of the content is known, the content is accepted by our company in accordance with the conditions of the license agreement and the content is available for its first showing on our platforms. Licensed copyrights are presented on the consolidated balance sheets as current and non-current based on estimated time of usage.

The licensed copyrights include the right to broadcast and, in some instances, the right to sublicense. The broadcasting right, refers to the right to broadcast the content on our own platforms and the sublicensing right, refers to the right to sublicense the underlying content to external parties. When licensed copyrights include both broadcasting and sublicensing rights, the content costs are allocated to these two rights upon initial recognition, based on the relative proportion of the estimated total revenues that will be generated from each right over its estimated useful lives.

For the right to broadcast the contents on our own platforms that generates online advertising and membership services revenues, the content costs are amortized based on factors including historical and estimated future viewership patterns, using an accelerated method by content categories over the shorter of each content's contractual period or estimated useful lives within ten years, beginning with the month of first availability. Content categories accounting for most of our content include newly released drama series, newly released films, animations, library drama series and library films. Estimates of future viewership consumption patterns and estimated useful lives are reviewed periodically, at least on an annual basis and revised, if necessary. Revisions to the amortization patterns are accounted for as a change in accounting estimate prospectively in accordance with ASC topic 250, *Accounting Changes and Error Corrections* ("ASC 250"). For the right to sublicense the content to external parties that generates direct content distribution revenues, the content costs are amortized based on its estimated usage pattern and recorded as cost of revenues.

Impairment of licensed copyrights and produced content

Our business model is mainly subscription and advertising based, as such the majority of the content assets (licensed copyrights and produced content) are predominantly monetized with other content assets. A smaller portion of the content assets are predominantly monetized at a specific title level such as variety shows and investments in a proportionate share of certain film rights including profit sharing, distribution and/or other rights. Because the identifiable cash flows related to content launched on the mainland China platform are largely independent of the cash flows of other content launched on the overseas platform, we have identified two separate film groups. We review our film groups and individual content for impairment when there are events or changes in circumstances that indicate the fair value of a film group or individual content may be less than its unamortized costs. Examples of such events or changes in circumstances include, a significant adverse change in technological, regulatory, legal, economic, or social

factors that could affect the fair value of the film group or the public's perception of a film or the availability of a film for future showings, a significant decrease in the number of subscribers or forecasted subscribers, or the loss of a major distributor, a change in the predominant monetization strategy of a film that is currently monetized on its own, actual costs substantially in excess of budgeted costs, substantial delays in completion or release schedules, or actual performance subsequent to release failing to meet expectations set before release such as a significant decrease in the amount of ultimate revenue expected to be recognized.

When such events or changes in circumstances are identified, we assess whether the fair value of an individual content (or film group) is less than its unamortized film costs, determines the fair value of an individual content (or film group) and recognizes an impairment charge for the amount by which the unamortized capitalized costs exceed the individual content's (or film group's) fair value. We mainly use a discounted cash flow approach to determine the fair value of an individual content or film group, of which the most significant inputs include the forecasted future revenues, costs and operating expenses attributable to an individual content or the film group and the discount rate. An impairment loss attributable to a film group is allocated to individual licensed copyrights and produced content within the film group on a pro rata basis using the relative carrying values of those assets as we cannot estimate the fair value of individual contents in the film group without undue cost and effort.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Junjie He	40	Chairman of the Board
Yu Gong	56	Chief Executive Officer and Director
Dou Shen	45	Director
Fei Qi	43	Director
Shanshan Cui	49	Director
Weijian Shan	71	Director
Sam Hanhui Sun	52	Independent Director
Conor Chia-hung Yang	62	Independent Director
Jun Wang	46	Chief Financial Officer
Xiaohui Wang	56	Chief Content Officer
Youqiao Duan	55	Senior Vice President
Xianghua Yang	48	Senior Vice President

Junjie He has served as our director since March 2021 and chairman of our board of directors since November 2022. Mr. He joined Baidu (Nasdaq: BIDU; SEHK: 9888) in June 2019 and currently serves as the Interim Chief Financial Officer of Baidu. Mr. He served as the Senior Corporate Vice President of Baidu and General Manager of Mobile Ecosystem Group (MEG), and was in full charge of MEG from May 2022 to October 2024. Prior to that, Mr. He oversaw Baidu's M&A (Mergers & Acquisition), SIM (Strategic Investment Management), SOM (Sales Operation and Management), and FP&A (Financial Planning & Analysis) departments. Prior to joining Baidu, he had rich working experience with investment firms including China International Capital Corporation (CICC), CITIC Private Equity, Warburg Pincus and Tibet Langrun Capital. Mr. He obtained his bachelor's degree from the Guanghua School of Management, Peking University in 2007.

Yu Gong is the founder, chief executive officer and director of our company, and oversees our overall strategy and business operations. Prior to founding iQIYI, Dr. Gong was the president and chief operating officer of umessage.com, a top mobile internet services solution provider in mainland China. Prior to that, Dr. Gong served in the roles of vice president, senior vice president, and chief operating officer at Sohu.com, a Nasdaq-listed company (Nasdaq: SOHU), from 2003 to 2008. From 1999 to 2003, Dr. Gong was the founder and chief executive officer of focus.cn, the then largest real estate search website in mainland China, which was sold to Sohu.com. Dr. Gong received a bachelor's degree, a master's degree and a doctorate degree in automation control from Tsinghua University.

Dr. Dou Shen has served as our director since September 2019. Dr. Shen received a Ph.D. from the Hong Kong University of Science and Technology, and currently serves as executive vice president of Baidu (Nasdaq: BIDU; SEHK: 9888) and the president of Baidu AI Cloud Group. Dr. Shen currently also serves as a director of COSCO Shipping Holdings Co., Ltd. (SHA: 601919) and China United Network Communications Limited (SHA: 600050). Dr. Shen joined Baidu in 2012 and has served various management roles, including web search, display advertising, the financial services group and mobile products. Dr. Shen has published more than 40 papers in international conferences and journals, and held multiple patents on internet search and computational advertising. Currently, he serves as the vice president of SIGKDD China Chapter.

Fei Qi has served as our director since December 2022. Mr. Qi joined Baidu (Nasdaq: BIDU; SEHK: 9888) in March 2021, and currently serves as vice president of Baidu, chief of staff to CEO, and head of corporate strategic department. Prior to joining Baidu, Mr. Qi served as managing director at China International Capital Corporation (CICC), where he had over 15 years of experience in the investment banking division with a focus in the TMT sector. Mr. Qi obtained his bachelor's degree in management information systems from Tsinghua University in 2003.

Shanshan Cui has served as our director since August 2023. Ms. Cui has been serving as senior vice president in charge of human resources and administrative functions of Baidu (Nasdaq: BIDU; SEHK: 9888) since May 2019. Ms. Cui joined Baidu in January 2000 overseeing the search technology group, and is a founding member of Baidu. Ms. Cui left Baidu in July 2010 to pursue personal interests and rejoined Baidu in December 2017, initially serving as Secretary General to the Organizational Culture Committee of Baidu. In this capacity, Ms. Cui oversaw employee culture and organization effectiveness, implementing initiatives, such as OKR (objectives and key results) management, throughout Baidu. Ms. Cui received a bachelor's degree in computer science from Beijing Institute of Technology and a master's degree in computer science from the University of Chinese Academy of Sciences.

Weijian Shan has served as our director since December 2022. Mr. Shan is the executive chairman and co-founder of PAG. Before PAG, Mr. Shan was co-managing partner of the private equity firm Newbridge Capital (now known as TPG Asia) and a partner of TPG. Before Newbridge, Mr. Shan was a managing director at J.P. Morgan. Mr. Shan was an assistant professor at the Wharton School, the University of Pennsylvania. Mr. Shan is a Trustee of the British Museum, a member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited, and an independent director of Alibaba Group. Mr. Shan is the author of three books: *Out of the Gobi*, *Money Games* and *Money Machine*. Mr. Shan holds an M.A. and a Ph.D. from the University of California, Berkeley, and an M.B.A. from the University of San Francisco.

Sam Hanhui Sun has served as our independent director since March 2018. Mr. Sun has been the Chairman of VSP Private Fund Management (Zhuhai) Co., Limited since 2021. From 2016 to 2020, Mr. Sun was a venture partner at Blue Lake Capital. From 2010 to 2015, Mr. Sun served various positions at Qunar Cayman Islands Limited, a Nasdaq-listed company, including Qunar's president in 2015 and its chief financial officer from 2010 to 2015. From 2007 to 2009, Mr. Sun was the chief financial officer of KongZhong Corporation, a Nasdaq-listed company. From 2004 to 2007, Mr. Sun served in several financial controller positions at Microsoft China R&D Group, Maersk China Co. Ltd., and SouFun.com. From 1995 to 2004, Mr. Sun worked in KPMG's auditing practice group. Mr. Sun currently serves as a director on the boards of Zhihu Inc. (NYSE: ZH) and Yiren Digital Ltd. (NYSE: YRD) and YSB Inc. (SEHK: 9885). Mr. Sun served as an independent director of Fang Holdings Limited (NYSE: SFUN) from September 2010 to May 2019, Sunlands Technology Group (NYSE: STG) from March 2018 to July 2019 and CAR Inc. (formerly SEHK: 699) from August 2014 to July 2021, when CAR Inc. was privatized. Mr. Sun received a bachelor's degree in business administration from Beijing Institute of Technology. He is a Certified Public Accountant in mainland China.

Conor Chia-hung Yang has served as our independent director since April 2022. Mr. Conor Yang has also served as EHang's (Nasdaq: EH) board director since December 2019 and as EHang's chief financial officer since September 2023. From 2007 to 2023, Mr. Yang served in several chief financial officer positions, including Tuniu Corporation (Nasdaq: TOUR), E-Commerce China Dangdang Inc., and AirMedia Group Inc. Mr. Yang was the chief executive officer of Rock Mobile Corporation from 2004 to 2007, and the chief financial officer of the Asia Pacific region for CellStar Asia Corporation from 1999 to 2004. Prior to that, Mr. Yang was a senior banker at Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited from 1992 to 1999. Mr. Yang currently also serves as an independent director of Tongcheng Travel Holdings Limited (HKSE: 0780), UP Fintech Holding Ltd (Nasdaq: TIGR) and Smart Share Global Limited (Nasdaq: EM). Mr. Yang received his master's degree in business administration from the University of California, Los Angeles (UCLA).

Jun Wang has served as our chief financial officer since February 2022. Mr. Wang has been engaged with us in January 2018 and has been responsible for advising on major capital market transactions since then. Prior to joining us, he served as a partner of Waterwood Group Limited, a private equity firm, from December 2015 to October 2017. From June 2014 to August 2015, he served as a managing director of TBP Consulting (Hong Kong) Limited. From July 2008 to June 2014, he worked at J.P. Morgan Securities (Asia Pacific) Limited with his last position being the vice president of investment banking. Mr. Wang obtained a bachelor's degree in English from Tsinghua University in July 2000 and a master's degree in business administration from the University of Chicago in June 2008.

Xiaohui Wang joined us in 2016 as our chief content officer. Mr. Wang is responsible for the procurement, production and operations of content business. From 2019, Mr. Wang also serves as president of our Professional Content Business Group (PCG). Prior to joining iQIYI, Mr. Wang was vice president of China National Radio, where he served in various positions from 1990 to 2016, including director of news center from 2002 to 2003, vice president of Voice of China from 2003 to 2006, director of finance office from 2006 to 2007, and vice president from 2007 to 2016. Mr. Wang currently serves on the board of directors of Strawbear Entertainment Group (SEHK: 2125). Mr. Wang holds a bachelor's degree in journalism from Jilin University, a master's degree in

business administration from Cheong Kong Graduate School of Business and a Ph.D. in literature from the Communication University of China.

Youqiao Duan joined us in 2012 and is our senior vice president responsible for membership business and intelligent device business. Prior to joining us, Mr. Duan was senior director responsible for investment business at Skyworth Group, where he worked from 2008 to 2012. Mr. Duan holds a bachelor's degree in automation control from Tsinghua University.

Xianghua Yang joined us in 2010 and is our senior vice president responsible for oversea business and motion picture business. Mr. Yang led iQIYI Pictures from 2014 to 2016 and led our mobile business department from 2010 to 2014. Prior to joining us, Mr. Yang served as deputy general manager of wireless business department at Sohu.com, responsible for R&D, marketing and mobile business. Mr. Yang holds both bachelor's and master's degrees in hydraulic and hydroelectric engineering from Tsinghua University.

B. COMPENSATION

For the fiscal year ended December 31, 2024, we paid an aggregate of RMB28.4 million (US$3.9 million) in cash to our executive officers and directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our mainland China subsidiaries and variable interest entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our officers and directors, see "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

Employment Agreements and Indemnification Agreements

We have entered into an employment agreement with each of our executive officers. Under these agreements, each of our executive officers is employed at will. We may terminate employment for cause. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by our company, we will provide severance payments to the executive officer as agreed by our company and the executive officer. The executive officer may resign at any time with a 60-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our customers or prospective customers, or the confidential or proprietary information of any third-party received by our company and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; (iii) seek directly or indirectly, to solicit the services of, or hire or engage, any person who is known to be employed or engaged by our company; or (iv) otherwise interfere with our business or accounts.

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 liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plans

2010 Equity Incentive Plan

We adopted the 2010 Equity Incentive Plan, which we refer to as the 2010 Plan, on October 18, 2010, which was subsequently amended and restated on November 3, 2014, August 6, 2016 and September 15, 2020, for the purpose of granting share-based compensation awards either through a proprietary interest in our long-term success, or compensation based on fulfilling certain performance goals to employees, officers, directors and consultants to incentivize their performance and promote the success of our

business. Under the 2010 Plan, the maximum aggregate number of shares which may be issued pursuant to all awards is 589,729,714 shares. As of February 28, 2025, options to purchase a total of 326,630,018 Class A ordinary shares were outstanding under the 2010 Plan.

The following paragraphs summarize the terms of the 2010 Plan.

Types of Awards. The 2010 Plan permits the awards of options, share appreciation rights, share grants and restricted share units.

Plan Administration. A committee consisting of at least two individuals determined by our board acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2010 Plan and any award agreement.

Award Agreement. Options to purchase ordinary shares granted under the 2010 Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise Price. The excises price of an option or a share appreciation right will be determined by the plan administrator. In certain circumstances, such as a recapitalization, a spin-off, reorganization, merger, separation and split-up, the plan administrator may adjust the exercise price of outstanding options and share appreciation rights.

Eligibility. We may grant awards to our employees, directors or consultants or employees, directors or consultants or our affiliates.

Term of the Awards. Unless otherwise determined by the board of directors, the term of each option or share appreciation right granted under the 2010 Plan shall not exceed ten years from date of the grant.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

Acceleration of Awards upon Change in Control. The plan administrator may determine, at the time of grant or thereafter, that an award shall become vested and exercisable, in full or in part, in the event that a change in control of our company occurs.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination. The plan shall terminate on October 17, 2030 provided that our board may terminate the plan at any time and for any reason.

2017 Share Incentive Plan

We adopted the 2017 Share Incentive Plan, which we refer to as the 2017 Plan on November 30, 2017, which was further amended on December 7, 2017, for the purpose of promoting the success and enhance the value of iQIYI, Inc., by linking the personal interests of the members of the board, employees, consultants and other individuals to those of our shareholders and, by providing an incentive for outstanding performance, to generate superior returns for our shareholders. Under the 2017 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards is 720,000 ordinary shares. This entire allotment has been granted in the form of restricted share units, and the pool of ordinary shares reserved under the 2017 Plan has been fully utilized. Consequently, as of February 28, 2025, no awards were outstanding under the 2017 Plan.

2021 Share Incentive Plan

We also adopted the 2021 Share Incentive Plan, which we refer to as the 2021 Plan, on December 2, 2021, as amended and restated on November 2, 2022, for the purpose of promoting the success and enhance the value of iQIYI, Inc., by linking the personal interests of the directors, employees and consultants to those of our shareholders and, by providing an incentive for outstanding performance, to generate superior returns for our shareholders. Under the 2021 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards is initially 364,000,000 Class A ordinary shares, which we refer to as the 2021 Plan Award Pool, provided that if restricted share units are granted, each restricted share unit (that entitles the holder to one share) granted shall reduce the number of shares in the 2021 Plan Award Pool available for future grants by 1.3 Class A ordinary shares; any option with nil exercise price shall have the same effect of reducing the number of shares in the 2021 Plan Award Pool as the restricted share

units. As of February 28, 2025, options with nil exercise price to purchase a total of 248,192,217 ordinary shares were outstanding under the 2021 Plan.

The following paragraphs summarize the terms of the 2021 Plan.

Types of Awards. The 2021 Plan permits the awards of options and restricted share units.

Plan Administration. A committee of one or more members of the board acts as the plan administrator, and the board shall conduct the general administration of the plan if required by applicable laws, and with respect to awards granted to members of the committee that acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2021 Plan and any award agreement.

Award Agreement. Awards granted under the 2021 Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise Price. The excises price of an option will be determined by the plan administrator. In certain circumstances, such as a recapitalization, a spin-off, reorganization, merger, separation and split-up, the plan administrator may adjust the exercise price of outstanding options and share appreciation rights.

Eligibility. We may grant awards to our directors, employees and consultants.

Term of the Awards. The term of each option or share appreciation right granted under the 2021 Plan shall not exceed ten years from date of the grant unless otherwise determined by the shareholders or the board under the condition that our company decides to follow home country practice.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination. The plan shall terminate on December 2, 2031, provided that our board may terminate the plan at any time and for any reason.

2024 Share Incentive Plan

We adopted the 2024 Share Incentive Plan, which we refer to as the 2024 Plan, on May 23, 2024, for the purpose of promoting the success and enhance the value of iQIYI, Inc., by linking the personal interests of the directors, employees consultants and other individuals to those of our shareholders and, by providing an incentive for outstanding performance, to generate superior returns for our shareholders. Under the 2024 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards is initially 350,000,000 Class A ordinary shares. As of February 28, 2025, no awards were outstanding under the 2024 Plan.

The following paragraphs summarize the terms of the 2024 Plan.

Types of Awards. The 2024 Plan permits the awards of options and restricted share units.

Plan Administration. A committee of one or more members of the board acts as the plan administrator, and the board shall conduct the general administration of the plan if required by applicable laws, and with respect to awards granted to members of the committee that acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2024 Plan and any award agreement.

Award Agreement. Awards granted under the 2024 Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise Price. The excises price of an option will be determined by the plan administrator. In certain circumstances, such as a recapitalization, a spin-off, reorganization, merger, separation and split-up, the plan administrator may adjust the exercise price of outstanding options and share appreciation rights.

Eligibility. We may grant awards to our directors, employees and consultants.

Term of the Awards. The term of each option or share appreciation right granted under the 2024 Plan shall not exceed ten years from date of the grant unless otherwise determined by the shareholders or the board under the condition that our company decides to follow home country practice.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination. The plan shall terminate on May 23, 2034, provided that our board may terminate the plan at any time and for any reason.

The following table summarizes, as of February 28, 2025, the outstanding options that we granted to our directors and executive officers:

Name	Class A Ordinary Shares Underlying Options Awarded	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Yu Gong	155,280,390	0 to 0.51	Various dates from October 18, 2010 to April 29, 2024	Various dates from October 16, 2030 to April 29, 2034
Jun Wang	*	0 to 0.51	Various dates from February 28, 2018 to April 29, 2024	Various dates from February 28, 2028 to April 29, 2034
Xiaohui Wang	*	0 to 0.51	Various dates from August 5, 2016 to April 29, 2024	Various dates from August 5, 2026 to April 29, 2034
Youqiao Duan	*	0 to 0.51	Various dates from August 5, 2016 to April 29, 2024	Various dates from August 5, 2026 to April 29, 2034
Xianghua Yang	*	0 to 0.51	Various dates from August 5, 2016 to April 29, 2024	Various dates from August 5, 2026 to April 29, 2034
Total	**237,542,745**	/	/	/

Notes:

* The aggregate number of ordinary shares exercisable from all options granted is less than 1% of our total issued and outstanding ordinary shares.

As of February 28, 2025, other grantees as a group held options to purchase 337,279,490 Class A ordinary shares of our company, with exercise prices ranging from US$0 to US$0.51 per share.

C. BOARD PRACTICES

Board of Directors

Our board of directors consists of eight directors. Baidu has the right to appoint a majority of our directors as long as it holds no less than 50% of the voting power of our Company. In addition, some of our directors are also senior management of Baidu. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Relationship with Baidu—We may have conflicts of interest with Baidu and, because of Baidu’s controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.” In addition, PAG Asia has the right to appoint, remove and replace one director, who should be elected as a non-voting member of the audit committee and a voting member of the compensation committee of the board of directors, so long as the PAG Notes or Class A ordinary shares issued upon conversion of the PAG Notes beneficially owned by PAG Asia and its affiliates represents no less than 50% of the aggregate principal amount of the notes. A director is not required to hold any shares in our company by way of qualification. Subject to the Listing Rules of the Nasdaq Stock Market and disqualification by the chairman of the relevant board meeting, a director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided (i) such director, if his interest in such contract or arrangement is material, has declared the nature of his interest at the meeting of the board, either specifically or by way of a general notice and (ii) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third-party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established an audit committee and a compensation committee under the board of directors. We have adopted a charter for each of the two committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Sam Hanhui Sun, Conor Chia-hung Yang, Fei Qi and Weijian Shan, and is chaired by Mr. Sam Hanhui Sun. We have determined that Sam Hanhui Sun and Conor Chia-hung Yang satisfy the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that members including Sam Hanhui Sun and Conor Chia-hung Yang qualify as "audit committee financial experts." Fei Qi and Weijian Shan are non-voting members of the audit committee. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

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

Compensation Committee. Our compensation committee consists of Junjie He, Shanshan Cui, Weijian Shan and Sam Hanhui Sun, and is chaired by Mr. Junjie He. We have determined that Sam Hanhui Sun satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market. 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:

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

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Terms of Directors and Officers

Our officers are appointed by and serve at the discretion of the shareholders. Our directors are not subject to a term of office and hold office until such time as they are removed from office by the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; (iv) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our current memorandum and articles of association.

Board Diversity Matrix

Board Diversity Matrix	
Country of Principal Executive Offices	Mainland China
Foreign Private Issuer	Yes
Disclosure Prohibited Under Home Country Law	No

	As of February 28, 2025			
Total Number of Directors	**8**			
Gender Identity	**Female**	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Directors	1	7	0	0
Demographic Background				
Underrepresented Individual in Home Country Jurisdiction		0		
LGBTQ+		0		
Did Not Disclose Demographic Background		0		

D. EMPLOYEES

We had 4,981, 4,788 and 4,673 employees as of December 31, 2022, 2023 and 2024, respectively. As of December 31, 2024, we had 2,696 employees in Beijing and 1,977 employees in other cities in mainland China and overseas. The following table sets forth the number of our employees by function as of December 31, 2024:

Research and development	1,836
Content production and operation	1,747
Sales and marketing	705
General and administrative	385
Total	**4,673**

Our success depends on our ability to attract, retain and motivate qualified employees. We offer employees competitive salaries, performance-based cash bonuses and other incentives. We believe that we maintain a good working relationship with our employees and labor unions, and we have not experienced any material labor disputes.

As required by laws and regulations in mainland China, we participate in various employee social benefits plans that are organized by municipal and provincial governments, including housing funds, pension, medical insurance, job-related injury insurance, maternity insurance and unemployment insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We typically enter into standard confidentiality and employment agreements with our employees. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment as well as certain period of time after employment is terminated.

E. SHARE OWNERSHIP

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2025:

- each of our directors and executive officers; and
- each person known to us to own beneficially 5% or more of our ordinary shares.

The calculations in the table below are based on 6,740,711,936 ordinary shares outstanding as of February 28, 2025, comprising of 3,699,614,658 Class A ordinary shares (excluding 155,148,368 Class A ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards under our share incentive plans) and 3,041,097,278 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Class A Ordinary Shares Beneficially Owned (†)		Class B Ordinary Shares Beneficially Owned (††)		Voting Power (†††)
	Number	%	Number	%	%
Directors and Executive Officers:					
Junjie He	—	—	—	—	—
Yu Gong[(1)]	150,831,833	3.9	—	—	*
Dou Shen	*	*	—	—	*
Fei Qi	—	—	—	—	—
Shanshan Cui	—	—	—	—	—
Weijian Shan	—	—	—	—	—
Sam Hanhui Sun	—	—	—	—	—
Conor Chia-hung Yang	—	—	—	—	—
Jun Wang	*	*	—	—	—
Xiaohui Wang	*	*	—	—	*
Youqiao Duan	*	*	—	—	*
Xianghua Yang	*	*	—	—	*
All directors and executive officers as a group	226,400,554	5.8	—	—	*
Principal Shareholders:					
Baidu[(2)]	7,933,331	*	3,041,097,278	100.0	89.2
PAG[(3)]	819,266,931	18.1	—	—	2.3

Notes:

* Less than 1%.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of Class A ordinary shares beneficially owned by such person or group, including Class A ordinary shares that such person or group has the right to acquire within 60 days of February 28, 2025, by the sum of the total number of Class A ordinary shares outstanding as of February 28, 2025 and the number of Class A ordinary shares underlying the options or other right held by such person or group that are exercisable to acquire Class A ordinary shares within 60 days of February 28, 2025.

†† For each person and group included in this column, percentage ownership is calculated by dividing the number of Class B ordinary shares beneficially owned by such person or group, including Class B ordinary shares that such person or group has the right to acquire within 60 days of February 28, 2025, by the sum of the total number of Class B ordinary shares outstanding as of February 28, 2025 and the number of Class B ordinary shares underlying the options or other right held by such person or group that are exercisable to acquire Class B ordinary shares within 60 days of February 28, 2025.

††† For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group, including Class A and Class B ordinary shares that such person or group has the right to acquire within 60 days of February 28, 2025, with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per Class A ordinary share. Each holder of our Class B ordinary shares is entitled to ten votes per Class B ordinary share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a share-for-share basis.

(1) Representing (i) 142,644,944 Class A ordinary shares that Dr. Gong may purchase upon exercise of options within 60 days of February 28, 2025, and (ii) 8,186,889 Class A ordinary shares held by Cannes Ventures Limited, a company incorporated in the Cayman Islands. Cannes Ventures Limited is wholly-owned by Dr. Gong. The registered address of Cannes Ventures Limited is 190 Elgin Avenue, George Town, Grand Cayman, Cayman Islands.

(2) Representing (i) 7,933,331 Class A ordinary shares, in the form of ADSs, and (ii) 2,876,391,396 Class B ordinary shares held by Baidu Holdings Limited, a company incorporated in British Virgin Islands, and (iii) 164,705,882 Class B ordinary shares held by Baidu (Hong Kong) Limited, a company incorporated in Hong Kong, as reported in the Amendment No. 1 to the Schedule 13D filed jointly by Baidu (Hong Kong) Limited, Baidu Holdings Limited and Baidu, Inc. on March 14, 2022. Baidu (Hong Kong) Limited is wholly-owned by Baidu Holding Limited, which in turn is wholly-owned by Baidu. The business address of each of Baidu Holdings Limited and Baidu (Hong Kong) Limited is No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, China.

(3) Represents (i) 793,556,071 Class A ordinary shares issuable upon conversion of the PAG Notes held by PAGAC IV-4 (Cayman) Limited, (ii) 16,335,634 Class A ordinary shares issuable upon conversion of the PAG Notes held by Pacific Alliance Asia Opportunity Fund L.P., (iii) 1,539,097 Class A ordinary shares issuable upon conversion of the PAG Notes held by PAG S Class Public Pooled LP, (iv) 7,694,085 Class A ordinary shares issuable upon conversion of the PAG Notes held by PAG Capital Structure Opportunity Fund LP, and (v) 142,044 Class A ordinary shares issuable upon conversion of the PAG Notes held by PAG-P Asia Fund L.P., as reported in the Amendment No. 4 to the Schedule 13D filed jointly by PAGAC IV-1 (Cayman) Limited, PAGAC IV-2 (Cayman) Limited, PAGAC IV-4 (Cayman) Limited, PAGAC IV-6 (Cayman) Limited, PAG Asia IV LP, PAG Asia Capital GP IV Limited, PAG Capital Limited, Pacific Alliance Group Limited and PAG on December 4, 2024. PAGAC IV-1 (Cayman) Limited is controlled by PAGAC IV-2 (Cayman) Limited. PAGAC IV-4 (Cayman) Limited is controlled by PAGAC IV-6 (Cayman) Limited. PAGAC IV-2 (Cayman) Limited and PAGAC IV-6 (Cayman) Limited are controlled by PAG Asia IV LP and PAG Asia Capital GP IV Limited is the general partner of PAG Asia IV LP. PAG Asia Capital GP IV Limited is controlled by PAG Capital Limited which in turn is controlled by Pacific Alliance Group Limited. Pacific Alliance Group Limited is controlled by PAG. Pacific Alliance Asia Opportunity Fund L.P. and

Polymer Asia Fund LP are indirectly controlled by PAG. PAGAC IV-1 (Cayman) Limited is an exempted company incorporated in the Cayman Islands. PAGAC IV-4 (Cayman) Limited is an exempted company incorporated in the Cayman Islands. Pacific Alliance Asia Opportunity Fund L.P. is a partnership established and registered in the Cayman Islands. Polymer Asia Fund LP is a partnership established and registered in the Cayman Islands. The address of each of PAGAC IV-1 (Cayman) Limited, Pacific Alliance Asia Opportunity Fund L.P. and Polymer Asia Fund LP is P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106 Cayman Islands.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. We issued Class A ordinary shares represented by our ADSs in our initial public offering in April 2018. Holders of our Class B ordinary shares may choose to convert their Class B ordinary shares into the same number of Class A ordinary shares at any time. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. To our knowledge, as of February 28, 2025, a total of 3,518,559,389 of our Class A ordinary shares were held by three record holders in the United States, representing 95.1% of our total issued and outstanding Class A ordinary shares as of such date (excluding 155,148,368 Class A ordinary shares reserved for future issuances upon the exercising or vesting of awards granted under the issuer's share incentive plans). As of February 28, 2025, none of our Class B ordinary shares are held by record holders in the United States.

For options and restricted share units granted to our officers, directors and employees, see "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

Enforceability of Civil Liabilities

Our business operations are primarily conducted in mainland China, and substantially all of our assets are located in mainland China. All of our directors and executive officers are located in mainland China or Hong Kong as of the date of this annual report. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them any judgment obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been informed by Walkers (Hong Kong), our Cayman Islands legal counsel, that the United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and the courts of the Cayman Islands and that there is uncertainty as to whether a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability provisions, whether or not predicated solely upon the U.S. federal securities laws, would be enforceable against us or our directors or officers in the Cayman Islands. This uncertainty relates to whether such a judgment would be determined by the courts of the Cayman Islands to be fiscal, penal or punitive in nature or contrary to Cayman Islands public policy.

We have also been advised by our Cayman Islands legal counsel that, notwithstanding the above, a final and conclusive judgment obtained in U.S. federal or state courts under which a definite sum of money is payable as compensatory damages and not in respect of laws that are fiscal or penal in nature (i.e., not being a sum claimed by a revenue authority for taxes or other charges of a similar nature by a governmental authority, or in respect of a fine or penalty or multiple or punitive damages or contrary to Cayman Islands public policy) will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided that:

- the court that gave the judgment was competent to hear the action in accordance with private international law principles as applied by the courts in the Cayman Islands and the parties subject to such judgment either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;
- the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;
- the judgment was final and conclusive and for a liquidated sum;
- the judgment was not obtained by fraud; and
- the judgment was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or public policy in the Cayman Islands.

A Cayman Islands court may impose civil liability on us or our directors or officers in a suit brought in the Grand Court of the Cayman Islands against us or these persons with respect to a violation of U.S. federal securities laws, provided that the facts surrounding any violation constitute or give rise to a cause of action under Cayman Islands law.

Our PRC legal counsel, Jingtian & Gongcheng, has advised us that there is uncertainty as to whether the courts of mainland China 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.

Our PRC legal counsel has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts of mainland China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between mainland China and the country where the judgment is made or on principles of reciprocity between jurisdictions. Mainland China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. As such, the courts of mainland China will review and determine the applicability of the reciprocity principle on a case-by-case basis and the length of the procedure is uncertain. In addition, according to the PRC Civil Procedures Law, courts in mainland China will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a court of mainland China would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in mainland China for disputes if they can establish sufficient nexus to mainland China for a court of mainland China to have jurisdiction, and meet other procedural requirements. It will be, however, difficult for U.S. shareholders to originate actions against us in mainland China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to mainland China for a court of mainland China to have jurisdiction as required under the PRC Civil Procedures Law.

Furthermore, the United States and Hong Kong do not have a bilateral treaty or multilateral convention in force on reciprocal recognition and enforcement of judgments. As a result, any United States judgment is enforceable in Hong Kong pursuant to the common law regime in Hong Kong for recognizing and enforcing foreign judgments, which provides that a foreign judgment is enforceable if (i) it is final and conclusive on the merits, (ii) the judgment has been rendered by a court of competent jurisdiction, (iii) the judgment must be for a fixed sum of money, (iv) the judgment must be between the same parties as those before the Hong Kong court, and (v) enforcement of the judgment is not a breach of natural justice or against public policy.

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

See "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. RELATED PARTY TRANSACTIONS

Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders

See "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Variable Interest Entities and Their Respective Shareholders."

Transactions with Shareholders and Affiliates

Baidu

We enjoy significant business synergies with Baidu primarily in the form of complementary content offerings for users and cross-sale of each other's services.

Master Business Cooperation Agreement

We have entered into a master business cooperation agreement with Baidu on January 19, 2018.

Under the master business cooperation agreement, we and Baidu agree to cooperate with each other in areas including but not limited to AI technology, smart devices/DuerOS (the dialog-type AI system and open platform developed by Baidu), cloud services, online advertising, internet traffic, data and content, and to treat each other as the most preferred strategic partner in our areas of cooperation.

Specifically, (i) Baidu agrees to cooperate with us on leveraging AI technology to further improve our user experience; (ii) we and Baidu agree to share sales channel resources to promote smart devices/DuerOS and increase iQIYI's market share in its industry; (iii) Baidu agrees to provide support for our cloud computing infrastructure and provide us with cloud computing infrastructure services on Baidu's most favored terms; (iv) we and Baidu agree to cross sell our respective advertising services, and Baidu agrees to grant us priority to advertise on its platform; (v) we and Baidu agree to leverage our respective services to increase user traffic; and (vi) we and Baidu agree to allow our respective registered users and content providers to log onto each other's platforms.

Under this agreement, (i) Baidu agrees not to compete with us in providing video content services that are the same as or substantially similar to our long-form video businesses (with the exception of existing business activities conducted by Baidu and its affiliates and of the business activities conducted by the entity that currently operates Baidu's online video business), and (ii) we agree not to compete with Baidu in any business that is the same as or substantially similar to Baidu's core businesses (with the exception of existing business activities conducted by our company or our affiliates). Long-form video business means long-form video content services currently provided by iQIYI, such long-form video content includes, but is not limited to, movies, TV series, network series, cartoons, variety shows and documentaries. Whether any service is Baidu's core business or is the same as or substantially similar to Baidu's core business shall be determined by Baidu and us in a commercially reasonable manner.

The master business cooperation agreement will expire on January 19, 2026, extendable for a term of eight years upon agreement by both parties. In the event we are no longer controlled by Baidu, either we or Baidu may terminate this agreement.

Loan Agreement

Under the master business cooperation agreement, Baidu would provide us with a RMB650.0 million loan, which mature on the fifth anniversary of the grant date. We entered into an interest-free loan agreement with Baidu with respect to such loan on January 19, 2018. The loan was repaid in full in March 2023.

Share Subscription by Baidu

In March 2022, we entered into subscription agreements with Baidu and a consortium of financial investors who agreed to subscribe for and purchase from us, through a private placement, a total of 164,705,882 newly issued Class B ordinary shares and 304,705,874 newly issued Class A ordinary shares of our company, for a total purchase price of US$285 million in cash. In accordance with the subscription agreements, Baidu subscribed for Class B ordinary shares.

Other Transactions with Baidu

For the years ended December 31, 2022, 2023 and 2024, we generated membership services revenue of RMB54.4 million, RMB92.9 million and RMB90.8 million (US$12.4 million), respectively, and advertising services revenue of RMB55.7 million, RMB17.7 million and RMB7.5 million (US$1.0 million), respectively, from Baidu. Transactions other than membership and advertising services revenue were insignificant for the years ended December 31, 2022, 2023 and 2024.

We incurred cost of revenues for license fees in the amount of RMB8.2 million, RMB20.4 million and RMB35.6 million (US$4.9 million) for the years ended December 31, 2022, 2023 and 2024, respectively. We incurred cost of revenues for bandwidth services and cloud services in the amount of RMB653.0 million, RMB550.7 million and RMB575.3 million (US$78.8 million) for the years ended December 31, 2022, 2023 and 2024, respectively. We incurred selling, general and administrative expenses for advertising services provided by Baidu in the amount of RMB47.6 million, RMB116.1 million and RMB112.7 million (US$15.4 million) for the years ended December 31, 2022, 2023 and 2024, respectively.

As of December 31, 2022, 2023 and 2024, we had RMB20.0 million, RMB4.4 million and RMB1.2 million (US$0.2 million), respectively, due from Baidu. The balance mainly represents amounts due from Baidu for advertising, membership and other services.

As of December 31, 2022, 2023 and 2024, we had RMB1,879.1 million, RMB2,030.4 million and RMB2,134.8 million (US$292.5 million), respectively, due to Baidu. The related party balances mainly represented accrued expenses for bandwidth services and cloud services provided by Baidu. As of December 31, 2022, 2023 and 2024, we had RMB700.0 million, RMB50.0 million and RMB50.0 million (US$6.9 million), respectively, in loans due to Baidu. As of December 31, 2022, the total outstanding balance represents an interest-free loan of RMB50.0 million that is due on demand, and an interest-free loan of RMB650.0 million provided by

Baidu in January 2018. The RMB650.0 million interest-free loan was repaid in full in March 2023. As of December 31, 2023, and 2024, the total outstanding balance represented an interest-free loan of 50.0 million that was due on demand.

PAG

We issued an aggregate amount of US$550 million convertible senior notes due January 2028 to PAG. The PAG Notes are secured by certain collateral arrangements. The PAG Notes bear an interest rate of 6% per annum and will mature on January 1, 2028. Holders of the PAG Notes also have the right to require us to repurchase all or part of their notes in the event of certain fundamental changes or events of default. On the maturity date, we are obligated to pay a premium at 30% of the principal amount of the PAG Notes, in addition to repaying the principal amount itself.

In September 2023, our subsidiary, iQIYI HK Limited ("iQIYI HK"), entered into a facility agreement with PAGAC IV-4 (Cayman) Limited ("PAGAC IV-4"), an entity affiliated with PAG. Pursuant to the facility agreement, iQIYI HK agreed to provide to PAGAC IV-4 a loan facility in an aggregate amount of US$200.0 million, with an interest rate of 6% per annum. iQIYI HK has a right to require PAGAC IV-4 to repay all or part of the outstanding loan on the early redemption date, or July 1, 2024. Otherwise, the facility can be utilized so long as the PAG Notes remain outstanding. At each draw down, PAG shall release certain collateral secured by our company under the PAG Notes and pledge to iQIYI HK the PAG Notes, each in an amount equivalent to the amount of the draw down.

In August 2024, we entered into a new facility agreement with PAG, supplementing the prior facility agreement executed in September 2023. Together, these agreements provide PAG with aggregate loan facilities of up to US$522.5 million, carrying an interest rate of 6% per annum. For each drawdown under these facilities, PAG releases an equivalent amount of restricted cash collateralized by us under the PAG Notes. Following PAG's total drawdown of US$400.0 million under the facility agreements, PAG's repurchase right for the US$522.5 million principal of the PAG Notes on or shortly after the third anniversary of the issuance date had been waived.

As of December 31, 2023 and 2024, we had RMB1,437.0 million and RMB3,854.9 million (US$528.1 million), respectively, due from PAGAC IV-4.

Other Transactions with Related Parties

For the years ended December 31, 2022, 2023 and 2024, we generated content distribution revenue of RMB190.4 million, RMB260.1 million and RMB231.8 million (US$31.8 million), respectively, from equity investees. For the years ended December 31, 2022, 2023 and 2024, we purchased content from equity investees in the amount of RMB1,513.7 million, RMB1,602.5 million and RMB1,745.7 million (US$239.2 million), respectively. Other related party transactions, including services provided by/to equity investees which we or Baidu has significant influence over in the ordinary course of business, were insignificant for each of the years presented.

As of December 31, 2022, 2023 and 2024, we had RMB144.0 million, RMB424.2 million and RMB377.9 million (US$51.8 million), respectively, due from other related parties. The balance mainly represents amounts due from our equity investees for content distribution services or paid in advance by our company for licensed copyrights acquisition.

As of December 31, 2022, 2023 and 2024, we had RMB1,043.5 million, RMB953.8 million and RMB1,113.4 million (US$152.5 million), respectively, due to other related parties. The related party balances mainly represented, (i) deferred revenues in relation to content distribution, IP licensing and advertising services to be provided to one of our equity investees; (ii) amounts owed to our equity investees for contents assets; and (iii) advances made by one of our equity investees for online advertising services.

Shareholders Agreement

Other than provisions with respect to registration rights, the description of which is set forth below, all provisions and rights under our sixth amended and restated shareholders agreement terminated upon consummation of our initial public offering.

Demand Registration Rights. At any time after the earlier of (i) the four-year period following the date of the shareholders agreement or (ii) 180 days after the effective date of the registration statement for a public offering, holders of at least 30% of the registrable securities then outstanding, or Existing Initiating Holders, holders of at least 30% of the registrable securities issued or issuable upon conversion of the Series F preferred shares then outstanding, or Series F Initiating Holders, and holders of at least 30% of the registrable securities issued or issuable upon conversion of the Series G preferred shares then outstanding, or Series G Initiating Holders, have the right to demand that we file a registration statement covering the registration of any registrable securities of such holders. We have the right to defer filing of a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders under certain conditions, but we cannot exercise the deferral right more than once in any twelve-month period

and we cannot register any other share during such twelve-month period. We are not obligated to effect a demand registration if we have, within the six-month period prior to the date of a demand registration request, already effected a registration. We are not obligated to effect more than four demand registrations initiated by the Existing Initiating Holders, more than two demand registrations initiated by the Series F Initiating Holders, or more than two demand registrations initiated by the Series G Initiating Holders, other than demand registration to be effected pursuant to registration statement on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer holders of our registrable securities an opportunity to include in the registration the number of registrable securities of the same class or series as those proposed to be registered. If the managing underwriters of any underwritten offering determine in its view the number of registrable securities exceeds the maximum offering size, the registrable securities shall allocate first to us, second to each of holders requesting for the inclusion of their registrable securities pursuant to the piggyback registration, and third to holders of our other securities with such priorities among them as we shall determine.

Form F-3 Registration Rights. Any of the Existing Initiating Holders, Series F Initiating Holders and Series G Initiating Holders may request us in writing to file an unlimited number of registration statements on Form F-3. Promptly after receiving such request, we shall give written notice of the proposed registration and within 20 days of such notice, we shall effect the registration of the securities on Form F-3.

Expenses of Registration. We will bear all registration expenses, other than underwriting discounts and selling commissions incurred in connection with any demand, piggyback or F-3 registration.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements."

Share Award Grants

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

Starting in April 2020, we and certain of our current and former officers and directors were named as defendants in several putative securities class actions filed in federal court, which were purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in our company's public disclosure documents. In May 2021, these actions were consolidated under the caption *In re iQIYI, Inc. Securities Litigation,* No. 1:20-CV-1830 (U.S. District Court for the Eastern District of New York). In June 2021, lead plaintiffs filed the operative amended complaint. In July 2021, defendants filed motion to dismiss the case. Briefing on the motion to dismiss was completed on September 29, 2021. However, in light of the common questions of law and fact at issue in this case and a related action under the caption *In re Baidu Inc. Securities Litigation,* 20-cv-03794 (U.S. District Court for the Eastern District of New York), the court terminated the motion to dismiss without prejudice and ordered motion-to-dismiss briefing for the two cases under a new coordinated briefing schedule. On September 30, 2024, the court granted defendants' motion to dismiss in its entirety with prejudice, and the matter is now closed.

We may nonetheless be subject to and need to defend against future lawsuits, investigations or claims. In the event we are subject to any such future actions, we cannot assure you that we will prevail. Any adverse outcome of these cases, including any plaintiff's appeal of a judgment in these lawsuits, could have a material adverse effect on our business, financial condition, results of operation, cash flows, and reputation. Moreover, any such litigation, claims or process may utilize a significant portion of our resources and divert management's attention from the day-to-day operations, all of which could harm our business.

As of December 31, 2024, there were 103 cases against us that were pending before various courts in mainland China. The aggregate amount of damages sought under these pending cases is approximately RMB223.9 million (US$30.7 million). We are currently unable to estimate the reasonably possible loss or a range of reasonably possible loss as the proceedings are in the early stages, or there is a lack of clear or consistent interpretation of laws. As a result, there is considerable uncertainty regarding the timing or ultimate resolution of such proceedings, which includes eventual loss, fine, penalty or business impact, if any, and therefore, an estimate for the reasonably possible loss or a range of reasonably possible loss cannot be made. With respect to the limited number of proceedings for which we are able to estimate the reasonably possible loss or the range of reasonably possible loss, such estimates are immaterial.

In addition, as of December 31, 2024, there were 615 cases we brought against others for copyright and trademark infringement, unfair competition and other commercial disputes that were pending before various courts in mainland China. The aggregate amount of damages we are seeking under these pending cases is approximately RMB688.3 million (US$94.3 million).

Dividend Policy

Our board of directors has complete discretion on whether to distribute dividends. 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.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. 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 may rely on dividends from our subsidiaries in mainland China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our mainland China subsidiaries to pay dividends to us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Mainland China—We may rely on dividends and other distributions on equity paid by our mainland China subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business." If we pay any dividends, we will pay our ADS holders to the same extent as holders of our Class A ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder.

B. SIGNIFICANT CHANGES

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. OFFERING AND LISTING DETAILS

See "Item 9. The Offer and Listing—C. Markets."

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our ADSs have been listed on the Nasdaq Global Select Market under the symbol "IQ" since March 29, 2018.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following are summaries of material provisions of our currently effective ninth amended and restated memorandum and articles of association, as well as the Companies Act (as revised) insofar as they relate to the material terms of our ordinary shares.

Board of Directors

See "Item 6. Directors, Senior Management and Employees—C. Board Practices."

Ordinary Shares

General. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Our company will issue only non-negotiable shares, and will not issue bearer or negotiable shares.

Register of Members. Under Cayman Islands law, we must keep a register of members and there should be entered therein:

- the names and addresses of the members, a statement of the shares held by each member, of the amount paid or agreed to be considered as paid, on the shares of each member and whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional;
- 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 Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. 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 Islands law to have legal title to the shares as set against its name in the register

of members. Once our register of members has been updated, the shareholders recorded in the register of members should be deemed to have legal title to the shares set against their name in the register of members.

If the name of any person is 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 Cayman Islands Grand Court 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.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors (provided always that dividends may be declared and paid only out of funds of the Company lawfully available therefor, namely out of either profit, retained earnings or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business).

Classes of Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares (and a further class of authorized but undesignated shares). Except for conversion rights and voting rights, the Class A ordinary shares and Class B ordinary shares shall carry equal rights and rank *pari passu* with one another, including but not limited to the rights to dividends (subject to the ability of the board of directors, under our current memorandum and articles of association, to determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and to settle all questions concerning such distribution (including fixing the value of such assets, determining that cash payment shall be made to some shareholders in lieu of specific assets and vesting any such specific assets in trustees on such terms as the directors think fit)) and other capital distributions.

Conversion. Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances.

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 at any general meeting of our company. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of our company. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Walkers (Hong Kong), our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Act and not inconsistent with common law.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy (or, in the case of corporations, by their duly authorized representatives) at a general meeting, while a special resolution requires the affirmative vote of a majority of no less than two-thirds of the votes attached to the ordinary shares cast by those shareholders who are present in person or by proxy (or, in the case of corporations, by their duly authorized representatives) at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares. 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.

However, 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 our company has 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;
- a fee of such maximum sum as the Nasdaq Global Select Market may determine to be payable, or such lesser sum as the board of directors may from time to time require, is paid to our company in respect thereof; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If our directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares or, on a winding up, with the sanction of a special resolution of our company and any other sanction required by the Companies Act), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares in proportion to the par value of the shares held by them (subject to, on a winding up where the assets available for distribution amongst the shareholders of our company shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, a deduction from ordinary 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, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them. We are a "limited liability" company registered under the Companies Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our current memorandum of association contains a declaration that the liability of our members is so limited.

Calls on Ordinary Shares and Forfeiture of Ordinary shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares (together with any interests which may have accrued). The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption. Repurchase and Surrender of Ordinary Shares. We *may* issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by an ordinary resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding other than shares held as treasury shares, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes of shares, all or any of the rights attached to any such class may (subject to any rights or restrictions for the time being attached to any class of share) only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the issued shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely 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.

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

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors or our chairman. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a general meeting of shareholders consists of one or more shareholders holding shares in our Company which carry in aggregate (or representing by proxy) not less than

one-third of all votes attaching to all shares in our Company in issue and entitled to vote at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our current memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of our company that as at the date of the deposit of such requisition carry the right to vote at general meetings of our company, to requisition an extraordinary general meeting of the shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our current 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.

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 (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies of the Cayman Islands.

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

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

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

Exempted Company. We are an exempted company with limited liability under the Companies Act of the Cayman Islands. The Companies Act in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Registered Office and Objects

Our registered office in the Cayman Islands is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the comparable provisions of the laws applicable to companies incorporated in Delaware and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to (amongst other matters) the solvency of the consolidated or surviving company, a statement of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate, compromises or arrangements between a Cayman Islands company and its members (or any class of them).

Following amendments to the Companies Act that took effect on August 31, 2022, the majority-in-number "headcount test" in relation to the approval of members' schemes of arrangement has been abolished. Section 86(2A) of the Companies Act provides that, if 75% in value of the members (or class of members) of a Cayman Islands company agree to any compromise or arrangement, such compromise or arrangement shall, if sanctioned by the Cayman Court, be binding on all members (or class of members) of such company and on the company itself. Where a Cayman Islands company is in the course of being wound up, such compromise or arrangement would be binding on the liquidator and contributories of the company. In contrast, section 86(2) of the Companies Act continues to require (a) approval by a majority in number representing 75% in value; and (b) the sanction of the Grand Court of the Cayman Islands, in relation to any compromise or arrangement between a company and its creditors (or any class of them). At the initial directions hearing, the Cayman Islands court will make orders for (amongst other things) the convening of the meetings of creditors or members (or classes of them, as applicable). While a dissenting shareholder or creditor has the right to express to the court the view that the transaction ought not to be approved, the court would nevertheless be likely to approve the arrangement if it determines that:

- the company has complied with the directions set down by the Cayman Islands court;
- the meeting was properly held and 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; and
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his/her interest.

If a compromise or arrangement of a Cayman Islands company is approved by the members in the context of a members' scheme and the Cayman Islands court subsequently sanctions such scheme (as described above), a dissenting shareholder would have no rights comparable to the appraisal rights which it would have if the company in question were a Delaware corporation (being the right to receive payment in cash for the judicially determined value of its shares). This is because such scheme will be binding on all members

(or class of members), regardless of whether all the members (or class of members) approved the scheme, upon the sanction order being made. Having said that, a dissenting shareholder would have the right to appeal the making of the sanction order to the Cayman Islands Court of Appeal, if there were grounds for doing so.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. The ability of Cayman Islands companies to provide in their articles of association for indemnification of officers and directors is limited, insofar as it is not permissible for the directors to contract out of the core fiduciary duties they owe to the company, nor would any indemnity be effective if it were held by the Cayman Islands courts to be contrary to public policy, which would include any attempt to provide indemnification against civil fraud or the consequences of committing a crime. Our current memorandum and articles of association provide that our directors and officers 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, 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 each of our directors and executive officers that will provide such persons with additional indemnification beyond that provided in our current 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.

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our current memorandum and articles of association may discourage, delay or prevent a change in 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.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for a proper purpose and for what they believe in good faith to be in the best interests of our company.

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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her 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, a 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 owes duties to the company including the following—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his or her 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 or her personal interest or his or her duty to a third-party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. 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.

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. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. 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.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to table resolutions at a general meeting. However, these rights may be provided in a company's articles of association. Our current memorandum and articles of association provides that, on the requisition of shareholders holding shares representing in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding shares of our company that as at the date of the deposit of such requisition carry the right to vote at general meetings of our company, the board shall convene an extraordinary general meeting. However, our current 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. 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. Cayman Islands law does not prohibit cumulative voting, but our current 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.

Appointment of Directors. For so long as Baidu Holdings and its affiliates collectively hold no less than 50% of the voting power of our company, Baidu shall be entitled to appoint, remove and replace a majority of the directors.

The board of directors may, by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors, appoint any person as a director, to fill a casual vacancy on the board of directors that is not a Baidu Holdings appointed director or as an addition to the existing board of directors. A vacancy on the board of directors created by the removal of a non-Baidu Holdings appointed director may be filled by way of an ordinary resolution of our company's shareholders or by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors.

Each director whose term of office expires shall be eligible for re-election at a meeting of our company's shareholders or re-appointment by the board of directors.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our current memorandum and articles of association, directors not appointed by Baidu Holdings may be removed by ordinary resolution of our shareholders or pursuant to an existing written agreement between the director and our company.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, 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 stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business

combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up either voluntarily or compulsorily. A company may be wound up by the Grand Court of the Cayman Islands for a number of reasons, including: (i) the company has passed a special resolution requiring the company to be wound up by the Grand Court; (ii) the company is unable to pay its debts; and (iii) the Grand Court is of opinion that it is just and equitable that the company should be wound up.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our current articles of association, we may only materially adversely vary the rights attached to any class of shares (subject to any rights or restrictions for the time being attached to any class of share) with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the issued shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Act, our memorandum and articles of association may only be amended by special resolution of our shareholders.

Rights of Non-Resident or Foreign Shareholders. There are no limitations imposed by our current 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 current memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares. Under our current memorandum and articles of association, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Beneficial Ownership Reporting Regime. Our company is incorporated under the Companies Act and is therefore subject to the Cayman Islands Beneficial Ownership Transparency Act, 2023 (as amended), known as the BOTA. Under the BOTA, certain legal persons may benefit from an alternative route to compliance, such that the legal person is not required to establish and maintain a beneficial ownership register, but must provide the competent authority with written confirmation as to the legal person's relevant category. Pursuant to the BOTA, our company benefits from an alternative route to compliance, such that our company is not required to maintain a beneficial ownership register as a result of being listed on an approved stock exchange listed in Schedule 4 of the Companies Act. Our company's corporate service provider is required to file with the competent authority such written confirmation in accordance with the BOTA which shall include the name and jurisdiction of the approved stock exchange.

C. MATERIAL CONTRACTS

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or elsewhere in this annual report on Form 20-F.

D. EXCHANGE CONTROLS

See "Item 4. Information on the Company—B. Business Overview—Government Regulations—Regulations on Foreign Exchange" and "—Regulations on Dividend Distribution."

E. TAXATION

The following summary of Cayman Islands, mainland China and U. S. federal income tax considerations generally applicable to an investment in our ADSs or Class A ordinary shares is based upon laws and interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or Class A ordinary shares, such as 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 Walkers (Hong Kong), our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of Jingtian & Gongcheng, our PRC counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to shareholders or ADS holders 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 shares will not be subject to taxation in the Cayman Islands and no withholding tax will be required on the payment of dividends or capital to any holder of our ADSs or ordinary shares, nor will gains derived from the disposal of our ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

Mainland China Taxation

The Enterprise Income Tax Law provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in mainland China is treated as a mainland China resident enterprise for mainland China tax purposes and consequently subject to mainland China income tax at the rate of 25% on its global income. The implementing rules of the Enterprise Income Tax Law merely define the location of the "de facto management body" as an "organizational body which effectively manages and controls the production and business operation, personnel, accounting, properties and other aspects of operations of an enterprise." Based on a review of surrounding facts and circumstances, we do not believe that we should be considered a mainland China resident enterprise for mainland China tax purposes. However, there is limited guidance and implementation history of the Enterprise Income Tax Law, and if we are treated as a mainland China resident enterprise for mainland China tax purposes, we will be subject to mainland China tax on our global income at a uniform tax rate of 25%.

Mainland China income tax at the rate of 10% will be withheld from payments of interest or dividends we make to investors that are "non-resident enterprises" of mainland China, if such investors do not have an establishment or place of business in mainland China, or if they have such establishment or place of business in mainland China but the income is not effectively connected with such establishment or place of business, to the extent such interest or dividends are deemed to be sourced within mainland China.

Furthermore, any gain realized on the transfer of the ADSs or shares by such investors would also be subject to mainland China income tax at 10% if such gain is regarded as income derived from sources within mainland China.

Furthermore, if we are considered a mainland China resident enterprise and mainland China tax authorities consider the interest or dividends we pay or any gains realized from the transfer of our ADSs or shares to be income derived from sources within mainland China, such interest or dividends and gains earned by non-resident individuals would be subject to the 20% mainland China individual income tax (which may be withheld at source).

These rates could be reduced by applicable tax treaties or similar arrangements between China and the jurisdiction of the investor. For example, for investors in Hong Kong, the tax rate is reduced to 7% for interest payments and 5% for dividends. However, it is unclear whether non-mainland China shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and mainland China in the event that we are treated as a mainland China resident enterprise.

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations under present law of the ownership and disposition of the ADSs or Class A ordinary shares. This summary applies only to investors that are U.S. Holders (as defined below) and that hold the ADSs or Class A ordinary shares as capital assets for U.S. federal income tax purposes. This discussion is based on the applicable provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated

thereunder, pertinent judicial decisions, interpretive rulings of the IRS and such other authorities as we have considered relevant. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax considerations described below.

The following discussion does not deal with all the tax considerations to any particular investor or to persons that may be subject to special treatment under U.S. federal income tax laws, including:

- banks;
- financial institutions;
- insurance companies;
- broker dealers;
- persons that elect to mark their securities to market;
- tax-exempt entities;
- persons liable for the alternative minimum tax;
- regulated investment companies;
- certain expatriates or former long-term residents of the United States;
- governments or agencies or instrumentalities thereof;
- persons holding the ADSs or Class A ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own ADSs or ordinary shares representing **10%** or more of our voting power or value;
- persons whose functional currency is other than the U.S. dollar; or
- persons who acquired ADSs or Class A ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation or in connection with services.

U.S. Holders are urged to consult their tax advisors about the application of the U.S. federal tax rules to their particular circumstances as well as the state, local and foreign tax consequences to them of ownership and disposition of ADSs or Class A ordinary shares.

The discussion below of the U.S. federal income tax considerations will apply if you are a "U.S. Holder." You are a "U.S. Holder" if you are the beneficial owner of the ADSs or Class A ordinary shares and you are, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity subject to tax as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the supervision of a court within the United States and one or more U.S. persons has or have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

This discussion does not consider the tax treatment of partnerships or other pass-through entities that hold the ADSs or Class A ordinary shares, or of persons who hold the ADSs or Class A ordinary shares through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of the ADSs or Class A ordinary shares, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you will be treated as the holder of the underlying Class A ordinary shares represented by those ADSs for U.S. federal income tax purposes.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or foreign tax laws or the Medicare tax on certain net investment income. We have not sought, and will not seek, a ruling from the IRS or an opinion as to any U.S. federal income tax consequence described herein. The IRS may disagree with the discussion herein, and its determination may be upheld by a court.

Taxation of Dividends or Other Distributions on the ADSs or Class A Ordinary Shares

Subject to the discussion under "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Considerations" below, the gross amount of all our distributions to you with respect to the ADSs or Class A ordinary shares will be included in your gross income as dividend income on the day actually or constructively received by the depositary, in the case of ADSs, or by you, in the case of Class A ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (computed under U.S. federal income tax principles). Because we do not intend to calculate our earnings and profits on the basis of U.S. federal income tax principles, you should expect to treat the full amount of the distribution as a dividend for U.S. federal income tax purposes. Dividends we pay will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from U.S. corporations.

With respect to individuals and certain other non-corporate holders, dividends paid on our ADSs may be subject to reduced rates of taxation provided that (1) our ADSs are readily tradeable on an established securities market in the United States, or otherwise, in the event we are deemed to be a mainland China "resident enterprise" under the PRC tax law, we are eligible for the benefit of the income tax treaty between the United States and the PRC, or the Treaty, (2) we are not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year and (3) certain holding period and other requirements are met. Because our ADSs are listed on the Nasdaq Global Select Market and will accordingly be considered to be readily tradable on an established securities market in the United States, and we believe that we were not a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2024 and we do not expect to be a PFIC in the foreseeable future, we believe that we are a qualified foreign corporation with respect to dividends paid on the ADSs, but not with respect to dividends paid on our ordinary shares. In the event that we are deemed to be a mainland China resident enterprise under PRC tax law, we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by our ADSs, would be eligible for the reduced rates of taxation applicable to qualified dividend income, as discussed above. You should consult your tax advisor regarding the availability of the lower rate for dividends paid with respect to our ADSs or Class A ordinary shares.

Dividends will generally be treated as income from foreign sources for U.S. foreign tax credit purposes and will generally constitute passive category income. In the event that we are deemed to be a mainland China resident enterprise under the PRC tax law and dividends paid on our ADSs or Class A ordinary shares are subject to mainland China withholding taxes, depending on your particular facts and circumstances, you may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed (at a rate not exceeding the applicable Treaty rate) on dividends received on the ADSs or Class A ordinary shares. If you do not elect to claim a foreign tax credit for foreign taxes withheld, you may instead, subject to applicable limitations, claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but only for a year in which you elect to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. You are advised to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale or Other Taxable Disposition of the ADSs or Class A Ordinary Shares

Subject to the discussion under "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Considerations" below, you will recognize gain or loss on any sale, exchange or other taxable disposition of an ADS or Class A ordinary share equal to the difference between the amount realized for the ADS or Class A ordinary share and your tax basis in the ADS or Class A ordinary share. The gain or loss will generally be capital gain or loss, which will be long-term capital gain or loss if your holding period for the shares exceeds one year at the time of disposition. Long-term capital gains are generally eligible for a preferential rate of taxation for individuals and certain other non-corporate U.S. Holders. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as U.S.-source income or loss for foreign tax credit limitation purposes, in which event you may not be able to use the foreign tax credit arising from any mainland China tax imposed on the disposition of the ADSs or Class A ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources in the same category. However, in the event we are deemed to be a mainland China resident enterprise under PRC tax law, we may be eligible for the benefits of the Treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or Class A ordinary shares, a U.S. Holder that is eligible for the benefits of the Treaty may elect to treat such gain as mainland China-source income for foreign tax credit purposes. You should consult your tax advisor regarding the tax consequences in case any mainland China tax is imposed on gain on a disposition of the ADSs or Class A ordinary shares, including the availability of the foreign tax credit and the election to treat any gain as mainland China-source, under your particular circumstances.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, is considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income, or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the shares. Although the law in this regard is not entirely clear, we treat the variable interest entities as being owned by us for U.S. federal income tax purposes because we direct activities that most significantly affect the economic performance of them and we are entitled to their economic benefits through contractual arrangements and, as a result, we consolidate the financial results of the variable interest entities in our combined and consolidated financial statement in accordance with U.S. GAAP. If it were determined, however, that we are not the owner of the variable interest entities for U.S. federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2024 and for subsequent taxable years.

Assuming we are the owner of the variable interest entities in mainland China for U.S. federal income tax purposes, based on our income and assets and the market value of our ADSs, we believe that we were not a PFIC for our taxable year ended December 31, 2024, and do not presently expect to be a PFIC for the 2024 taxable year or the foreseeable future. However, given the lack of authority applying the PFIC rules to our particular circumstances, and the highly factual nature of the analysis, no assurance can be given. The determination as to whether we are a PFIC must be made annually after the end of each taxable year based on that year's composition of income and assets, and consequently, our PFIC status may change. While we do not anticipate becoming a PFIC, changes in the nature of our income or assets or the value of our ADSs may cause us to become a PFIC for the current or any subsequent taxable year. In particular, because the value of certain of our assets for purposes of the asset test is generally determined by reference to the market price of the ADSs, our PFIC status may depend in part on the market price of the ADSs, which may fluctuate considerably. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. In addition, there are uncertainties in the application of the PFIC rules to our particular circumstances. It is possible that the IRS may challenge our classification of certain income and assets or our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current or subsequent taxable years.

If we are a PFIC for any year during which you hold the ADSs or the Class A ordinary shares we will generally continue to be treated as a PFIC for all succeeding years during which you hold such ADSs or Class A ordinary shares. However, if we cease to be a PFIC, provided that you have not made a mark-to-market election, as described below, you may avoid some of the adverse effects of the PFIC regime by making a purging election with respect to such ADSs or Class A ordinary shares, as applicable. One type of purging election creates a deemed sale of such shares at their fair market value. Any gain recognized in this deemed sale will be subject to tax as an excess distribution, as described below. As a result of this election, you will have additional basis (to the extent of any gain recognized on the deemed sale) and, solely for purposes of the PFIC rules, a new holding period in your shares.

If we are a PFIC for any taxable year during which you hold the ADSs or the Class A ordinary shares you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or Class A ordinary shares, unless you make a mark-to-market election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or Class A ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain would be allocated ratably over your holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, would be treated as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for you for such year and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or Class A ordinary shares cannot be treated as capital, even if you hold the ADSs or Class A ordinary shares as capital assets.

Alternatively, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter, or "regularly traded," on a qualified exchange or other market, as defined in applicable Treasury Regulations. We expect that the ADSs will continue to be listed on the Nasdaq Global Select Market which is a qualified exchange for these purposes.

Consequently, assuming that the ADSs are regularly traded, if you are a holder of ADSs, it is expected that the mark-to-market election would be available to you were we to become a PFIC. However, a mark-to-market election may not be made with respect to our Class A ordinary shares as they are not marketable stock. If you make a valid mark-to-market election for the ADSs, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs as of the close of your taxable year over your adjusted basis in such ADSs. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs over their fair market value as of the close of the taxable year. Such deductions, however, are allowable only to the extent of any net mark-to-market gains on the ADSs included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs in a year in which we are a PFIC, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs, as well as to any loss realized on the actual sale or disposition of the ADSs, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs. Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. If you make such a mark-to-market election, tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us (except that the lower applicable capital gains rate would not apply).

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the general PFIC rules described above with respect to such U.S. Holder's indirect interest in certain investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

Alternatively, a U.S. Holder may avoid the PFIC tax consequences described above in respect to its ADSs and Class A ordinary shares by making a timely "qualified electing fund," or QEF, election. To comply with the requirements of a QEF election, a U.S. Holder must receive certain information from us. Because we do not intend to provide such information, however, such election will not be available to you with respect to the ADSs or Class A ordinary shares.

If you hold ADSs or Class A ordinary shares in any year in which we are a PFIC, you will generally be required to file an annual information report containing such information as the U.S. Treasury may require.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in the ADSs or Class A ordinary shares.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information we file with the SEC can be obtained over the internet at the SEC's website at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on our website *ir.iqiyi.com.* In addition, we will provide hardcopies of our annual report to shareholders, including ADS holders, free of charge upon request.

I. SUBSIDIARY INFORMATION

Not applicable.

J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Our revenues and expenses are mainly denominated in Renminbi. As of December 31, 2024, we had U.S. dollar-denominated cash and cash equivalents of US$92.6 million, as compared to US$1,177.2 million of U.S. dollar-denominated convertible senior notes outstanding, of which US$550.0 million principal will mature on January 1, 2028 and US$565.6 million principal will mature on March 15, 2028. To the extent that the holders of the convertible senior notes do not convert them and we cannot refinance or choose not to refinance our outstanding debt, we will need to change Renminbi into U.S. dollars to meet these obligations. Changes in the exchange rate between the Renminbi and the U.S. dollar could significantly impact the amount of Renminbi we would need to use. A hypothetical 10% increase in the exchange rate of the U.S. dollar against the RMB would have resulted in an increase of RMB859.3 million (US$117.7 million) in the value of our U.S. dollar-denominated convertible senior notes as of December 31, 2024.

In addition, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in mainland China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To date, we have not entered into any material hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. To the extent that we need to convert U.S. dollars into Renminbi for our operations or capital expenditures, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. 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 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 available to us.

The RMB depreciated by 2.81% against the U.S. dollar in 2024. As of December 31, 2024, we had RMB-denominated cash and cash equivalents, restricted cash, short-term investments and long-term restricted cash included in prepayments and other assets of RMB3,755.2 million, and U.S. dollar-denominated cash and cash equivalents of US$92.6 million. Assuming we had converted RMB3,755.2 million into U.S. dollars at the exchange rate of RMB7.2993 for US$1.00 as of the end of 2024, our U.S. dollar cash balance would have been US$607.1 million. If the RMB had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US$560.3 million instead. Assuming we had converted US$92.6 million into RMB at the exchange rate of RMB7.2993 for US$1.00 as of the end of 2024, our RMB cash balance would have been RMB4,431.1 million. If the RMB had appreciated by 10% against the U.S. dollar, our RMB cash balance would have been RMB4,363.5 million instead.

Interest Rate Risk

We have exposure to interest rate risk relating to the interest income generated by our excess cash, which is mostly held in interest-bearing bank deposits and interest expense of bank facilities that have a floating rate of interest. Interest-earning instruments carry a degree of interest rate risk. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, our future interest income may fall short of expectations while interest expense may exceed expectations due to changes in market interest rates.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Fees and Charges Our ADS holders May Have to Pay

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split we declare or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are canceled or reduced for any other reason, US$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, canceled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split we declare or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of up to US$0.05 per ADS for any cash distribution made pursuant to the deposit agreement;
- an aggregate fee of US$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of the depositary's agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charge shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- SWIFT, cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares, ADRs or deposited securities;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- in connection with the conversion of foreign currency into U.S. dollars, JPMorgan Chase Bank, N.A. shall deduct out of such foreign currency the fees, expenses and other charges charged by it and/or its agent (which may be a division, branch or affiliate) so appointed in connection with such conversion; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

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

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADS program upon such terms and conditions as we and the depositary may agree from time to time. In 2024, we received US$6.9 million from the depository for expenses incurred in connection with the establishment and maintenance of the ADS program.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

Material Modifications to the Rights of Security Holders

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

Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Based upon that evaluation, our management has concluded that, as of December 31, 2024, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

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

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management including our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of internal control over financial reporting as of December 31, 2024 using the criteria set forth in the report *"Internal Control-Integrated Framework (2013)"* published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young Hua Ming LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2024, as stated in its report, which appears on page F-4 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Sam Hanhui Sun and Conor Chia-hung Yang, independent directors and member of our audit committee, are audit committee financial experts.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. Certain provisions of the code apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at http://ir.iqiyi.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered by Ernst & Young Hua Ming LLP, our principal accountant, for the periods indicated.

	2023	2024
	RMB	RMB
	(in thousands)	
Audit fees[(1)]	17,155	16,252
Other service fees[(2)]	3,630	—

Notes:

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC.

(2) "Other service fees" means, for the years ended December 31, 2023, the aggregate fees billed for professional services rendered by our principal auditors other than services reported under "audit fees".

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Ernst & Young Hua Ming LLP, including audit services and other services as described above, other than those for de minimis services which are approved by the Audit Committee prior to the completion of the audit.

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

We rely on the exemption provided by Rule 10A-3(b)(1)(iv)(D) under the Exchange Act. Fei Qi and Weijian Shan are non-voting members of our audit committee and only have observer status on our audit committee. Based on our assessment, such reliances do not materially adversely affect the ability of the audit committee to act independently or to satisfy the other requirements of Rule 10A-3 under the Exchange Act.

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

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Global Select Market, we are subject to the Nasdaq Stock Market Rules corporate governance listing standards. However, Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market Rules. We rely on the exemption available to foreign private issuers for the requirement under Nasdaq Rule 5605(c)(2)(A)(i) that each member of the audit committee must be an independent director as defined under Nasdaq Rule 5605(a)(2). Fei Qi and Weijian Shan, who are non-voting members of our audit committee, are not independent directors as defined under Nasdaq Rule 5605(a)(2).

In addition, Nasdaq Rule 5620 requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. However, Nasdaq Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We followed home country practice and did not hold an annual meeting of shareholders in 2024. If we continue to rely on these and other exemptions available to foreign private issuers in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. Furthermore, Nasdaq Rule 5635(c) requires shareholder approval prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants. We elected to follow our home country practice and did not obtain shareholder approval the amendment to our 2021 Plan in 2022. We may, however, hold annual shareholders meetings in the future.

We also rely on exemptions afforded to controlled companies. We are a "controlled company" as defined under the Nasdaq Stock Market Rules because Baidu beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and currently rely, on certain exemptions from corporate governance rules, including:

- an exemption from the rule that a majority of our board of directors must be independent directors;
- an exemption from the rule that the compensation of our chief executive officer must be determined or recommended solely by independent directors; and
- an exemption from the rule that our director nominees must be selected or recommended solely by independent directors.

A majority of the members of our board of directors are not independent directors. Not all members of our compensation committee are independent directors, and we do not have a nomination and corporate governance committee. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Our board of directors has established insider trading policies and procedures to provide guidance on the purchases, sales, and other dispositions of our securities by our directors, officers, employees, and consultants, with the goal of promoting compliance with applicable insider trading laws, rules, and regulations.

The Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading, adopted by our board of directors on December 31, 2023, is filed as Exhibit 11.2 to this annual report on Form 20-F.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have implemented robust processes for assessing, identifying and managing material risks from cybersecurity threats and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have established a dynamic and multi-layered cybersecurity defense system to effectively mitigate both internal and external cybersecurity threats. This comprehensive system spans multiple security domains, including network, host, and application layers. It integrates a range of security capabilities such as threat defense, continuous monitoring, in-depth analysis and rapid response. Our approach to managing cybersecurity risks and safeguarding sensitive data is multi-faceted, involving technological safeguards, procedural protocols, a rigorous program of surveillance on our corporate network, ongoing internal and external evaluations of our security measures, a solid incident response framework, and regular cybersecurity training sessions for our employees. Our cybersecurity department is actively engaged in continuous monitoring of our applications, platforms and infrastructure to ensure prompt identification and response to potential issues, including emerging cybersecurity threats.

As part of the aforementioned processes, we regularly engage third parties to assess our internal cybersecurity programs and compliance with applicable practices and standards. The bug bounty program we have established enables independent security researchers to aid us in identifying potential vulnerabilities and further mitigating risks. We have implemented a set of procedures to ensure effective management of the cybersecurity risks associated with the use of third-party service providers. These procedures include, but are not limited to, conducting cybersecurity assessments and tracking the capabilities and qualifications of third-party security service providers through our supplier assessment process. Additionally, for independent security researchers, we require adherence to the security-related agreement when submitting vulnerabilities.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

Our board of directors is responsible for overseeing our cybersecurity risk management. Our board of directors shall (i) maintain oversight of the disclosure related to cybersecurity matters in current reports or periodic reports of our company, (ii) review updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, on a quarterly basis, and (iii) review disclosure concerning cybersecurity matters in our annual report on Form 20-F.

At management level, we have established a cybersecurity committee that consists of the company's senior management, including the person in charge of our cybersecurity department. Our cybersecurity committee is responsible for overseeing the process of assessing, identifying and managing material risks from cybersecurity threats to our company and monitoring the prevention, detection, mitigation, and remediation of material cybersecurity incidents. The representative of our cybersecurity committee reports to our board of directors (i) on a quarterly basis regarding updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, and (ii) on disclosure concerning cybersecurity matters in our annual report on Form 20-F.

If a cybersecurity incident occurs, our cybersecurity department will promptly organize personnel for internal assessment and report to our cybersecurity committee. If it is determined that the incident could potentially be a material cybersecurity event, the incident and assessment results will be promptly reported to the disclosure committee consisting of the senior principals in charge of our disclosure controls and procedures, and external legal counsel to the extent appropriate. Our disclosure committee will prepare disclosure material on the cybersecurity incident for review and approval by our board of directors before it is disseminated to the public.

PART III

ITEM 17. FINANCIAL STATEMENTS

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

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of iQIYI, Inc. and its subsidiaries are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	Ninth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
2.3	Deposit Agreement, among the Registrant, the depositary and holder of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-225165) filed with the SEC on May 24, 2018)
2.4	Shareholders Agreement between the Registrant and other parties thereto dated October 26, 2017 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
2.5*	Description of Securities
4.1	Third Amended and Restated 2010 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-3 (File No. 333-251359), filed with the SEC on December 16, 2020)
4.2	2017 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.3	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1(File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.4	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.5	Master Business Cooperation Agreement between Baidu Holdings and iQIYI, Inc. dated January 19, 2018 (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.6	English translation of the amended and restated Shareholder Voting Rights Trust Agreement between Beijing QIYI Century and Mr. Xiaohua Geng dated January 30, 2013 (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.7	English translation of the amended and restated Share Pledge Agreement between Beijing QIYI Century and Mr. Xiaohua Geng dated January 30, 2013 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)

4.8	English translation of the Commitment Letter from iQIYI, Inc. and Beijing QIYI Century to Beijing iQIYI dated January 30, 2013 (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333223263), as amended, initially filed with the SEC on February 27, 2018)
4.9	English translation of the amended and restated Exclusive Purchase Option Agreement among iQIYI, Inc., Beijing QIYI Century, Beijing iQIYI and Mr. Xiaohua Geng dated January 30, 2013 (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.10	English translation of the amended and restated Loan Agreement between Beijing QIYI Century and Mr. Xiaohua Geng dated January 30, 2013 (incorporated herein by reference to Exhibit 10.11 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.11	English translation of the amended and restated Business Operation Agreement among Beijing QIYI Century, Beijing iQIYI and Mr. Xiaohua Geng dated January 30, 2013 (incorporated herein by reference to Exhibit 10.12 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.12	English translation of Power of Attorney by Beijing QIYI Century to iQIYI, Inc. dated January 30, 2013 (incorporated herein by reference to Exhibit 10.13 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.13	English translation of Spousal Consent Letter of Ms. Ying Zhang dated September 26, 2016 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.14	English translation of Loan Agreement among Beijing QIYI Century, Mr. Xiaohua Geng and Dr. Yu Gong dated October 25, 2013 (incorporated herein by reference to Exhibit 10.15 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.15	English translation of Exclusive Purchase Option Agreement among iQIYI, Inc., Beijing QIYI Century, Shanghai iQIYI, Mr. Xiaohua Geng and Dr. Yu Gong dated October 25, 2013 (incorporated herein by reference to Exhibit 10.16 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.16	English translation of Share Pledge Agreement among Beijing QIYI Century, Mr. Xiaohua Geng and Dr. Yu Gong dated October 25, 2013 (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.17	English translation of Shareholder Voting Rights Trust Agreement among Mr. Xiaohua Geng, Dr. Yu Gong and Beijing QIYI Century dated October 25, 2013 (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.18	English translation of Business Operation Agreement among Beijing QIYI Century, Shanghai iQIYI, Mr. Xiaohua Geng and Dr. Yu Gong dated October 25, 2013 (incorporated herein by reference to Exhibit 10.19 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.19	English translation of Exclusive Technology Consulting and Service Agreement among Beijing QIYI Century and Shanghai iQIYI dated October 25, 2013 (incorporated herein by reference to Exhibit 10.20 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.20	English translation of Commitment Letter between iQIYI, Inc. and Shanghai iQIYI dated October 25, 2013 (incorporated herein by reference to Exhibit 10.21 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.21	English translation of Spousal Consent Letter of Ms. Yihong Mou dated September 26, 2016 (incorporated herein by reference to Exhibit 10.22 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.22	English translation of Spousal Consent Letter of Ms. Ying Zhang dated September 26, 2016 (incorporated herein by reference to Exhibit 10.23 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.23	English translation of Business Operation Agreement among Beijing QIYI Century, Shanghai Zhong Yuan and Dr. Yu Gong dated January 14, 2014 (incorporated herein by reference to Exhibit 10.24 to the registration statement on Form F-1 (File No. 333-223263) filed with the SEC on February 27, 2018)

4.24	English translation of Loan Agreement between Beijing QIYI Century and Dr. Yu Gong dated January 14, 2014 (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.25	English translation of Commitment Letter from iQIYI, Inc. to Shanghai Zhong Yuan dated January 14, 2014 (incorporated herein by reference to Exhibit 10.26 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.26	English translation of Exclusive Technology Consulting and Service Agreement between Beijing QIYI Century and Shanghai Zhong Yuan dated January 14, 2014 (incorporated herein by reference to Exhibit 10.27 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.27	English translation of Exclusive Purchase Option Agreement among iQIYI, Inc., Beijing QIYI Century, Dr. Yu Gong and Shanghai Zhong Yuan dated January 14, 2014 (incorporated herein by reference to Exhibit 10.28 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.28	English translation of Shareholder Voting Rights Trust Agreement between Beijing QIYI Century and Dr. Yu Gong dated January 14, 2014 (incorporated herein by reference to Exhibit 10.29 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.29	English translation of Share Pledge Agreement between Beijing QIYI Century and Dr. Yu Gong dated January 14, 2014 (incorporated herein by reference to Exhibit 10.30 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.30	English translation of Spousal Consent Letter of Ms. Yihong Mou dated September 26, 2016 (incorporated herein by reference to Exhibit 10.31 to the registration statement on Form F-1 (File No. 333-223263), as amended, initially filed with the SEC on February 27, 2018)
4.31	English translation of Exclusive Management Consulting and Business Cooperation Agreement among iQIYI New Media, Beijing iQIYI Cinema, Dr. Yu Gong and Mr. Xianghua Yang dated July 27, 2017 (incorporated herein by reference to Exhibit 10.32 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.32	English translation of Exclusive Share Purchase Agreement among iQIYI New Media, Dr. Yu Gong, Mr. Xianghua Yang and Beijing iQIYI Cinema dated July 27, 2017 (incorporated herein by reference to Exhibit 10.33 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.33	English translation of Loan Agreement between iQIYI New Media and Mr. Xianghua Yang dated July 27, 2017 (incorporated herein by reference to Exhibit 10.34 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.34	English translation of Loan Agreement between iQIYI New Media and Dr. Yu Gong dated July 27, 2017 (incorporated herein by reference to Exhibit 10.35 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.35	English translation of Share Pledge Agreement among iQIYI New Media, Dr. Yu Gong and Beijing iQIYI Cinema dated July 27, 2017 (incorporated herein by reference to Exhibit 10.36 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.36	English translation of Share Pledge Agreement among iQIYI New Media, Mr. Xianghua Yang and Beijing iQIYI Cinema dated July 27, 2017 (incorporated herein by reference to Exhibit 10.37 to the registration statement on Form F-1 (File No. 333-223263) filed with the SEC on February 27, 2018)
4.37	English translation of Power of Attorney by Mr. Xianghua Yang to iQIYI New Media dated July 27, 2017 (incorporated herein by reference to Exhibit 10.38 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.38	English translation of Power of Attorney by Dr. Yu Gong to iQIYI New Media dated July 27, 2017 (incorporated herein by reference to Exhibit 10.39 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.39	English translation of Spousal Consent Letter of Ms. Congyu Lin dated July 27, 2017 (incorporated herein by reference to Exhibit 10.40 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)

4.40	English translation of Spousal Consent Letter of Ms. Yihong Mou dated July 27, 2017 (incorporated herein by reference to Exhibit 10.41 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.41	English translation of Power of Attorney by iQIYI New Media to QIYI, Inc. dated July 27, 2017 (incorporated herein by reference to Exhibit 10.42 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.42	English translation of Commitment Letter by QIYI, Inc. to Beijing iQIYI Cinema dated July 27, 2017 (incorporated herein by reference to Exhibit 10.43 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.43	English translation of Exclusive Management Consulting and Business Cooperation Agreement among iQIYI New Media, iQIYI Pictures, Dr. Yu Gong and Mr. Ning Ya dated August 30, 2017 (incorporated herein by reference to Exhibit 10.44 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.44	English translation of Exclusive Share Purchase Agreement among iQIYI New Media, iQIYI Pictures, Dr. Yu Gong and Mr. Ning Ya dated August 30, 2017 (incorporated herein by reference to Exhibit 10.45 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.45	English translation of Loan Agreement between iQIYI New Media and Mr. Ning Ya dated August 30, 2017 (incorporated herein by reference to Exhibit 10.46 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.46	English translation of Loan Agreement between iQIYI New Media and Dr. Yu Gong dated August 30, 2017 (incorporated herein by reference to Exhibit 10.47 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.47	English translation of Share Pledge Agreement among iQIYI New Media, Mr. Ning Ya and iQIYI Pictures dated August 30, 2017 (incorporated herein by reference to Exhibit 10.48 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.48	English translation of Share Pledge Agreement among iQIYI New Media, Dr. Yu Gong and iQIYI Pictures dated August 30, 2017 (incorporated herein by reference to Exhibit 10.49 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.49	English translation of Power of Attorney by Mr. Ning Ya to iQIYI New Media dated August 30, 2017 (incorporated herein by reference to Exhibit 10.50 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.50	English translation of Power of Attorney by Dr. Yu Gong to iQIYI New Media dated August 30, 2017 (incorporated herein by reference to Exhibit 10.51 of the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.51	English translation of Spousal Consent Letter of Ms. Yihong Mou dated August 30, 2017 (incorporated herein by reference to Exhibit 10.52 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.52	English translation of Exclusive Technology Consulting and Service Agreement between Beijing QIYI Century and Beijing Xinlian Xinde Advertisement Media Co., Ltd. dated December 1, 2011 (incorporated herein by reference to Exhibit 10.53 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.53	English translation of Software Licensing Agreement between Beijing QIYI Century and Beijing Xinlian Xinde Advertisement Media Co., Ltd. dated December 1, 2011 (incorporated herein by reference to Exhibit 10.54 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.54	English translation of Trademark Licensing Agreement between Beijing QIYI Century and Beijing Xinlian Xinde Advertisement Media Co., Ltd. dated December 1, 2011 (incorporated herein by reference to Exhibit 10.55 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.55	English translation of Business Cooperation Agreement between Beijing QIYI Century and Beijing Xinlian Xinde Advertisement Media Co., Ltd. dated December 1, 2011 (incorporated herein by reference to Exhibit 10.56 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)

4.56	English translation of Loan Agreement between Baidu Online Network Technology (Beijing) Co., Ltd. and Beijing QIYI Century dated January 19, 2018 (incorporated herein by reference to Exhibit 10.67 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.57	Share Purchase Agreement dated February 12, 2018 by and between iQIYI, Inc. and Baidu Holdings (incorporated herein by reference to Exhibit 10.68 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.58	English translation of Ticket Business Cooperation Agreement dated February 12, 2018 by and between Baidu Holdings and iQIYI, Inc. (incorporated herein by reference to Exhibit 10.69 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
4.59	English translation of Share Purchase Agreement among Beijing iQIYI Technology Co., Ltd., iQIYI, Inc., Yunpeng He, Pu Zhang, Xingyou Zhou, Wei Du, Kun Meng, Skymoons (BVI) Group Limited, Chengdu Skymoons Digital Entertainment Co., Ltd. and Skymoons Inc., dated July 10, 2018 (incorporated herein by reference to Exhibit 4.66 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 15, 2019)
4.60	English translation of form Confirmation Letter executed by Beijing QIYI Century, dated December 21, 2020 (incorporated herein by reference to Exhibit 4.60 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 9, 2021)
4.61	English translation of Confirmation Letter executed by the Registrant, dated December 21, 2020 (incorporated herein by reference to Exhibit 4.61 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 9, 2021)
4.62	Indenture, dated March 29, 2019 constituting $1.2 billion 2.00% Convertible Senior Notes due 2025 (incorporated herein by reference to Exhibit 4.61 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 12, 2020)
4.63	Indenture, dated December 21, 2020, between the Registrant and Citibank, N.A., as trustee (incorporated herein by reference to Exhibit 4.64 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 9, 2021)
4.64	First Supplemental Indenture, dated December 21, 2020, between the Registrant and Citibank, N.A., as trustee (incorporated herein by reference to Exhibit 4.65 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 9, 2021)
4.65	Amended and Restated 2021 Share Incentive Plan (incorporated herein by reference to Exhibit 4.66 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.66	Investment Agreement, dated August 30, 2022, between the Registrant, PAGAC IV-1 (Cayman) Limited and PAG Pegasus Fund LP (incorporated herein by reference to Exhibit 4.67 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.67	Deed of Amendment to the Investment Agreement, by and among the Registrant, PAGAC IV-1 (Cayman) Limited, and PAG Pegasus Fund LP, dated as of December 30, 2022 (incorporated herein by reference to Exhibit 4.68 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.68	Indenture, dated December 30, 2022, between the Registrant and Citicorp International Limited, as trustee (incorporated herein by reference to Exhibit 4.69 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.69	English translation of form Confirmation Letters executed by Beijing QIYI Century, dated February 10, 2023 (incorporated herein by reference to Exhibit 4.70 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.70	English translation of form Confirmation Letters executed by the Registrant, dated February 10, 2023 (incorporated herein by reference to Exhibit 4.71 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.71	English translation of Supplementary Agreement to the Trademark Licensing Agreement between Beijing QIYI Century and Beijing iQIYI (formerly known as "Beijing Xinlian Xinde Advertisement Media Co., Ltd.") dated February 10, 2023 (incorporated herein by reference to Exhibit 4.72 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)
4.72	Indenture, dated March 7, 2023, between the Registrant and Citicorp International Limited, as trustee (incorporated herein by reference to Exhibit 4.73 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 22, 2023)

4.73	Facility Agreement by and among the registrant, iQIYI HK Limited, PAGAC IV-4 (Cayman) Limited and PAGAC IV-1 (Cayman) Limited, dated September 27, 2023 (incorporated herein by reference to Exhibit 4.74 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.74	English translation of Exclusive Management Consulting and Business Cooperation Agreement among Optical Era, iQIYI Yinhua, Dr. Yu Gong and Mr. Xiaohui Wang dated January 29, 2024(incorporated herein by reference to Exhibit 4.75 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.75	English translation of Exclusive Share Purchase Agreement among Optical Era, Dr. Yu Gong, Mr. Xiaohui Wang and iQIYI Yinhua dated January 29, 2024 (incorporated herein by reference to Exhibit 4.76 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.76	English translation of Loan Agreement between Optical Era and Dr. Yu Gong dated January 29, 2024 (incorporated herein by reference to Exhibit 4.77 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.77	English translation of Loan Agreement between Optical Era and Mr. Xiaohui Wang dated January 29, 2024 (incorporated herein by reference to Exhibit 4.78 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.78	English translation of Share Pledge Agreement among Optical Era, Dr. Yu Gong and iQIYI Yinhua dated January 29, 2024 (incorporated herein by reference to Exhibit 4.79 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.79	English translation of Share Pledge Agreement among Optical Era, Mr. Xiaohui Wang and iQIYI Yinhua dated January 29, 2024 (incorporated herein by reference to Exhibit 4.80 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.80	English translation of Power of Attorney by Dr. Yu Gong to Optical Era dated January 29, 2024 (incorporated herein by reference to Exhibit 4.81 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.81	English translation of Power of Attorney by Mr. Xiaohui Wang to Optical Era dated January 29, 2024 (incorporated herein by reference to Exhibit 4.82 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.82	English translation of Spousal Consent Letter of Ms. Yihong Mou dated January 29, 2024 (incorporated herein by reference to Exhibit 4.83 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.83	English translation of Spousal Consent Letter of Ms. Hua Li dated January 29, 2024 (incorporated herein by reference to Exhibit 4.84 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.84	English translation of Power of Attorney by Optical Era to iQIYI, Inc. dated January 29, 2024 (incorporated herein by reference to Exhibit 4.85 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.85	English translation of Commitment Letter by iQIYI, Inc. to iQIYI Yinhua dated January 29, 2024 (incorporated herein by reference to Exhibit 4.86 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
4.86*	Facility Agreement by and among the registrant, iQIYI HK Limited, PAGAC IV-4 (Cayman) Limited and PAGAC IV-1 (Cayman) Limited, dated August 8, 2024
4.87*	Amendment and Restatement Agreement between iQIYI HK Limited and PAGAC IV-4 (Cayman) Limited, dated November 28, 2024
4.88*	Indenture, dated February 24, 2025, between the Registrant and Citibank, N.A., as trustee
8.1*	Principal Subsidiaries and Variable Interest Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-223263), as amended, filed with the SEC on February 27, 2018)
11.2*	Insider Trading Policy
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Walkers (Hong Kong)
15.2*	Consent of Jingtian & Gongcheng
15.3*	Consent of Ernst & Young Hua Ming LLP, Independent Registered Public Accounting Firm
97.1	Clawback Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 to the annual report on Form 20-F (File No. 001-38431) filed with the SEC on March 14, 2024)
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover page formatted as Inline XBRL and contained in Exhibit 101

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

iQIYI, INC.

By: /s/ Yu Gong
Name: Yu Gong
Title: Director and Chief Executive Officer

Date: March 27, 2025

iQIYI, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of iQIYI, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of iQIYI, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of comprehensive (loss)/income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 27, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Amortization of content assets

Description of the Matter

For the year ended December 31, 2024, amortization expenses related to licensed copyrights and produced content were RMB7,488,646 thousands (US$1,025,940 thousands) and RMB5,797,650 thousands (US$794,275 thousands), respectively. As discussed in Note 2 to the consolidated financial statements, based on factors including historical and estimated future viewership consumption patterns, the Company's content assets are amortized using an accelerated method by content categories over the shorter of their respective contractual periods or estimated useful lives within ten years, beginning with the month of first availability.

Auditing the amortization of the Company's content assets required complex and subjective auditor judgment due to the judgment required by management in estimating future viewership consumption patterns for different content categories. If actual viewership consumption patterns differ from these estimates, the pattern and/or period of amortization would be changed and could materially affect the timing of recognition of content amortization. These assumptions are forward looking and can be affected by changes in user traffic on the Company's platform and changes in viewership trends of its content.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's content assets amortization assessment process. For example, we tested controls over management's review of the amortization method and the significant assumptions, including the historical and forecasted viewership used to develop its estimated future viewership consumption patterns by content categories. To test the amortization of content assets, we performed audit procedures that included, among others, evaluating the amortization method and the significant assumptions, and testing the completeness and accuracy of the underlying data from the systems used in determining estimated viewership consumption patterns. We assessed management's estimated viewership consumption patterns by considering historical and current viewing trends, including comparing previous estimates of consumption patterns to latest available data.

/s/ Ernst & Young Hua Ming LLP

We have served as the Company's auditor since 2017.
Beijing, The People's Republic of China
March 27, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of iQIYI, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited iQIYI, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, iQIYI, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of comprehensive (loss)/income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated March 27, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young Hua Ming LLP

Beijing, The People's Republic of China
March 27, 2025

iQIYI, INC.

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2023 AND 2024
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Note	As of December 31, 2023 RMB	As of December 31, 2024 RMB	As of December 31, 2024 US$
ASSETS				
Current assets:				
Cash and cash equivalents		4,434,525	3,529,679	483,564
Restricted cash		6,120	—	—
Short-term investments	3	941,738	941,610	129,000
Accounts receivable, net of allowance of RMB147,495 and RMB90,626 (US$12,416) as of December 31, 2023 and 2024, respectively	5	2,169,042	2,191,178	300,190
Prepayments and other assets	6	2,794,259	2,192,928	300,430
Amounts due from related parties	22	1,707,024	283,123	38,788
Licensed copyrights, net	7	582,521	388,718	53,254
Total current assets		**12,635,229**	**9,527,236**	**1,305,226**
Non-current assets:				
Fixed assets, net	11	863,813	877,982	120,283
Long-term investments	4	2,260,785	2,108,477	288,860
Deferred tax assets, net	15	—	23,536	3,224
Licensed copyrights, net	7	6,966,508	6,930,053	949,413
Intangible assets, net	8	309,534	289,861	39,711
Produced content, net	9	13,376,985	14,707,869	2,014,970
Prepayments and other assets	6	3,518,210	2,913,919	399,205
Operating lease assets	12	683,897	609,832	83,547
Goodwill	10	3,820,823	3,820,823	523,451
Amounts due from related parties	22	158,590	3,950,937	541,276
Total non-current assets		**31,959,145**	**36,233,289**	**4,963,940**
Total assets		**44,594,374**	**45,760,525**	**6,269,166**

iQIYI, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2024—continued
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Note	As of December 31, 2023 RMB	As of December 31, 2024 RMB	As of December 31, 2024 US$
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities (including current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB12,450,389 and RMB12,435,742 (US$1,703,690) as of December 31, 2023 and 2024, respectively):				
Accounts and notes payable		5,671,074	6,482,209	888,059
Amounts due to related parties	22	2,953,658	3,239,036	443,746
Customer advances and deferred revenue		4,373,208	4,403,686	603,303
Short-term loans	13	3,571,637	3,786,901	518,803
Long-term loans, current portion	13	2,000	167,987	23,014
Convertible senior notes, current portion	14	2,802,442	242,460	33,217
Operating lease liabilities, current portion	12	100,883	96,675	13,244
Accrued expenses		1,910,191	1,899,083	260,173
Other liabilities		956,441	1,159,296	158,823
Total current liabilities		**22,341,534**	**21,477,333**	**2,942,382**
Non-current liabilities (including non-current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB1,522,773 and RMB2,349,005 (US$321,813) as of December 31, 2023 and 2024, respectively):				
Long-term loans	13	97,990	1,036,835	142,046
Convertible senior notes	14	8,143,994	8,350,570	1,144,023
Deferred tax liabilities	15	824	—	—
Amounts due to related parties	22	80,566	59,226	8,114
Operating lease liabilities	12	523,747	461,974	63,290
Other non-current liabilities		1,220,804	1,000,823	137,113
Total non-current liabilities		**10,067,925**	**10,909,428**	**1,494,586**
Total liabilities		**32,409,459**	**32,386,761**	**4,436,968**
Commitments and contingencies	17			

iQIYI, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2024—continued
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

	Note	As of December 31,		
		2023	2024	2024
		RMB	RMB	US$
Shareholders' equity:				
Class A ordinary shares (US$0.00001 par value; 94,000,000,000 shares authorized as of December 31, 2023 and 2024, respectively; 3,853,820,658 and 3,854,584,680 shares issued as of December 31, 2023 and 2024, respectively; 3,675,039,807 and 3,698,793,887 shares outstanding as of December 31, 2023 and 2024, respectively)	18	237	238	33
Class B ordinary shares (US$0.00001 par value; 5,000,000,000 shares authorized as of December 31, 2023 and 2024; 3,041,097,278 shares issued and outstanding as of December 31, 2023 and 2024)	18	193	193	26
Additional paid-in capital		54,971,469	55,623,841	7,620,435
Accumulated deficit	19	(44,573,428)	(43,809,369)	(6,001,859)
Accumulated other comprehensive income	24	1,688,047	1,550,523	212,421
Noncontrolling interests		98,397	8,338	1,142
Total shareholders' equity		**12,184,915**	**13,373,764**	**1,832,198**
Total liabilities and shareholders' equity		**44,594,374**	**45,760,525**	**6,269,166**

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

iQIYI, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares (or ADS), and per share (or ADS) data)

	Note	Year ended December 31,			
		2022	2023	2024	2024
		RMB	RMB	RMB	US$
Revenues:					
Membership services		17,710,830	20,314,216	17,762,814	2,433,496
Online advertising services		5,331,697	6,223,903	5,714,243	782,848
Content distribution		2,562,412	2,458,610	2,846,854	390,017
Others		3,392,609	2,875,922	2,901,327	397,480
Total revenues		**28,997,548**	**31,872,651**	**29,225,238**	**4,003,841**
Operating costs and expenses:					
Cost of revenues		(22,319,315)	(23,102,492)	(21,953,582)	(3,007,628)
Selling, general and administrative		(3,466,579)	(4,014,070)	(3,682,050)	(504,439)
Research and development		(1,899,233)	(1,766,610)	(1,778,403)	(243,640)
Total operating costs and expenses		**(27,685,127)**	**(28,883,172)**	**(27,414,035)**	**(3,755,707)**
Operating income		**1,312,421**	**2,989,479**	**1,811,203**	**248,134**
Other income/(expenses):					
Interest income		69,577	257,499	271,824	37,240
Interest expenses		(715,081)	(1,130,314)	(1,062,026)	(145,497)
Foreign exchange loss, net		(167,857)	(105,434)	(97,249)	(13,323)
Share of (losses)/gains from equity method investments		(213,409)	(51,249)	17,790	2,437
Others, net		(319,427)	72,620	(89,863)	(12,312)
Total other expenses, net		**(1,346,197)**	**(956,878)**	**(959,524)**	**(131,455)**
(Loss)/Income before income taxes		**(33,776)**	**2,032,601**	**851,679**	**116,679**
Income tax expense	15	(84,000)	(80,047)	(61,090)	(8,369)
Net (loss)/income		**(117,776)**	**1,952,554**	**790,589**	**108,310**
Less: Net income attributable to noncontrolling interests		18,436	27,085	26,530	3,634
Net (loss)/income attributable to iQIYI, Inc.		**(136,212)**	**1,925,469**	**764,059**	**104,676**
Net (loss)/income attributable to ordinary shareholders		**(136,212)**	**1,925,469**	**764,059**	**104,676**
Net (loss)/income per Class A and Class B ordinary share:	20				
Basic		(0.02)	0.29	0.11	0.02
Diluted		(0.02)	0.28	0.11	0.02
Net (loss)/income per ADS (1 ADS equals 7 Class A ordinary shares):					
Basic		(0.16)	2.02	0.79	0.11
Diluted		(0.16)	1.98	0.79	0.11
Shares used in net (loss)/income per Class A and Class B ordinary share computation:	20				
Basic		5,988,021,425	6,675,522,809	6,729,974,821	6,729,974,821
Diluted		5,988,021,425	6,823,628,066	6,799,500,149	6,799,500,149
Other comprehensive loss:					
Foreign currency translation adjustments	24	(844,725)	(163,983)	(133,922)	(18,347)
Unrealized losses on available-for-sale debt securities	24	(21,091)	(11,367)	(2,506)	(343)
Total other comprehensive loss, net of tax	24	**(865,816)**	**(175,350)**	**(136,428)**	**(18,690)**
Comprehensive (loss)/income		**(983,592)**	**1,777,204**	**654,161**	**89,620**
Less: Comprehensive income attributable to noncontrolling interests		23,106	27,142	27,626	3,785
Comprehensive (loss)/income attributable to iQIYI, Inc.		**(1,006,698)**	**1,750,062**	**626,535**	**85,835**

The accompanying notes are an integral part of the consolidated financial statement.

iQIYI, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares)

	Attributable to iQIYI, INC.						
	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Noncontrolling interests	Total shareholders' equity
	Number of shares	Amount					
		RMB	RMB	RMB	RMB	RMB	RMB
Balances as of January 1, 2022	**5,598,752,855**	**356**	**49,642,014**	**2,709,002**	**(47,163,773)**	**88,129**	**5,275,728**
Cumulative effect of adopting ASU 2020-06	—	—	(1,432,986)	24,938	772,123	—	(635,925)
Reversal of accretion of redeemable noncontrolling interests upon deconsolidation of subsidiaries	—	—	—	—	28,965	—	28,965
Net loss	—	—	—	—	(136,212)	18,436	(117,776)
Issuance of ordinary shares to third parties upon private placement	304,705,874	20	1,170,070	—	—	—	1,170,090
Issuance of Class B ordinary shares to Baidu upon private placement	164,705,882	10	634,460	—	—	—	634,470
Exercise of share-based awards	20,501,567	1	63,229	—	—	—	63,230
Other comprehensive loss	—	—	—	(870,486)	—	4,670	(865,816)
Issuance of subsidiaries' shares to noncontrolling interest holders	—	—	—	—	—	1,000	1,000
Dividends paid and payable to noncontrolling interest holders	—	—	—	—	—	(16,878)	(16,878)
Share-based compensation	—	—	811,441	—	—	—	811,441
Acquisition of noncontrolling interests in subsidiaries	—	—	(2,540)	—	—	(2,550)	(5,090)
Balances as of December 31, 2022	**6,088,666,178**	**387**	**50,885,688**	**1,863,454**	**(46,498,897)**	**92,807**	**6,343,439**
Net income	—	—	—	—	1,925,469	27,085	1,952,554
Issuance of ordinary shares upon follow-on offering, net of issuance costs	605,325,000	41	3,395,149	—	—	—	3,395,190
Exercise of share-based awards	22,145,907	2	53,900	—	—	—	53,902
Other comprehensive loss	—	—	—	(175,407)	—	57	(175,350)
Dividends paid and payable to noncontrolling interest holders	—	—	—	—	—	(21,552)	(21,552)
Share-based compensation	—	—	636,732	—	—	—	636,732
Balances as of December 31, 2023	**6,716,137,085**	**430**	**54,971,469**	**1,688,047**	**(44,573,428)**	**98,397**	**12,184,915**
Net income	—	—	—	—	764,059	26,530	790,589
Exercise of share-based awards	23,754,080	1	39,311	—	—	—	39,312
Other comprehensive loss	—	—	—	(137,524)	—	1,096	(136,428)
Issuance of a VIE's shares to noncontrolling interest holders	—	—	64,960	—	—	(64,657)	303
Dividends paid and payable to noncontrolling interest holders	—	—	—	—	—	(22,503)	(22,503)
Share-based compensation	—	—	544,395	—	—	—	544,395
Acquisition of noncontrolling interests in subsidiaries	—	—	3,706	—	—	(30,525)	(26,819)
Balances as of December 31, 2024	**6,739,891,165**	**431**	**55,623,841**	**1,550,523**	**(43,809,369)**	**8,338**	**13,373,764**
Balances as of December 31, 2024, in US$		**59**	**7,620,435**	**212,421**	**(6,001,859)**	**1,142**	**1,832,198**

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

iQIYI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"))

	Year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Cash flows from operating activities:				
Net (loss)/income	(117,776)	1,952,554	790,589	108,310
Adjustments to reconcile net (loss)/income to net cash (used for)/provided by operating activities				
Depreciation of fixed assets	337,423	275,155	147,946	20,269
Amortization of intangible assets	177,019	179,380	95,595	13,096
Amortization of licensed copyrights	7,780,928	7,087,769	7,488,646	1,025,940
Amortization and impairment of produced content	5,359,648	6,548,911	5,892,927	807,328
Provision/(reversal) of credit losses	25,855	30,225	(13,347)	(1,829)
Unrealized foreign exchange loss	107,595	28,025	35,267	4,832
Gain on disposal of fixed assets	(34,901)	(16,361)	(19,459)	(2,666)
(Gain)/loss on disposal of subsidiaries or business	(367,717)	(89,571)	22,265	3,050
Accretion on convertible senior notes and others	146,079	331,967	311,236	42,639
Barter transaction revenue	(876,109)	(417,630)	(901,638)	(123,524)
Share-based compensation	811,441	636,732	544,395	74,582
Share of losses/(gains) from equity method investments	213,409	51,249	(17,790)	(2,437)
Fair value change and impairment of long-term investments	823,806	340,042	176,221	24,142
Deferred income tax expense/(benefit)	30,056	(1,008)	(24,360)	(3,337)
Other non-cash expense/(income)	5,888	(227,353)	(59,337)	(8,129)
Changes in operating assets and liabilities				
Accounts receivable	312,776	193,305	6,993	958
Amounts due from related parties	49,434	(280,042)	(14,515)	(1,989)
Licensed copyrights	(6,143,075)	(6,381,628)	(6,529,740)	(894,571)
Produced content	(7,387,666)	(6,901,691)	(7,218,469)	(988,926)
Prepayments and other assets	222,399	(34,876)	699,289	95,802
Accounts payable	(2,911,022)	(288,128)	703,957	96,442
Amounts due to related parties	204,774	37,841	256,647	35,160
Customer advances and deferred revenue	750,799	141,098	30,478	4,175
Accrued expenses and other liabilities	(615,479)	173,550	76,242	10,445
Other non-current liabilities	1,023,847	(17,915)	(369,981)	(50,687)
Net cash (used for)/provided by operating activities	**(70,569)**	**3,351,600**	**2,110,057**	**289,075**
Cash flows from investing activities:				
Acquisition of fixed assets	(174,263)	(36,971)	(79,319)	(10,867)
Acquisition of intangible assets	(95,506)	(67,937)	(93,719)	(12,839)
Purchase of long-term investments	(78,273)	(178,522)	(37,790)	(5,177)
Proceeds from disposal of long-term investments	20,145	109,791	61,009	8,358
Film investments made as passive investor	(59,650)	(17,600)	(14,400)	(1,973)
Proceeds from film investments as passive investor	30,200	20,689	13,512	1,851
Loans provided to related parties	—	(1,472,600)	(2,316,239)	(317,323)
Purchases of held-to-maturity debt securities	(727,943)	—	(510,000)	(69,870)
Maturities of held-to-maturity debt securities	769,766	—	510,000	69,870
Purchases of available-for-sale debt securities	(3,731,634)	(1,890,450)	(438,000)	(60,006)
Maturities of available-for-sale debt securities	4,260,759	1,769,297	443,000	60,691
Other investing activities	52,379	24,788	17,076	2,340
Net cash provided by/(used for) investing activities	**265,980**	**(1,739,515)**	**(2,444,870)**	**(334,945)**

iQIYI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024—continued
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"))

	Year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Cash flows from financing activities:				
Repayments of loans from related parties	—	(650,000)	—	—
Proceeds from short-term loans	4,277,653	4,633,238	4,952,608	678,505
Repayments of short-term loans	(5,033,931)	(4,412,667)	(4,732,857)	(648,399)
Proceeds from long-term loans	—	99,990	1,120,332	153,485
Repayments of long-term loans	—	—	(15,500)	(2,123)
Proceeds from issuance of convertible senior notes, net of issuance costs	3,448,551	4,415,401	—	—
Repayments or redemption of convertible senior notes	—	(11,735,964)	(2,914,233)	(399,248)
Acquisition of noncontrolling interests in a subsidiary	(5,090)	—	(26,819)	(3,674)
Proceeds from issuance of ordinary shares in the follow-on offering, net of issuance costs	—	3,391,277	—	—
Proceeds from issuance of ordinary shares to third parties upon private placement	1,172,732	—	—	—
Proceeds from issuance of Class B ordinary shares to Baidu upon private placement	634,470	—	—	—
Proceeds from exercise of share options	51,850	69,844	41,067	5,626
Finance lease payments	(38,132)	(27,666)	(18,256)	(2,501)
Dividends paid to noncontrolling interest shareholders	(64,240)	(44,525)	(22,503)	(3,083)
Proceeds from other financing activities	25,000	—	339,023	46,446
Repayment for other financing activities	—	(24,000)	(92,983)	(12,739)
Net cash provided by/(used for) financing activities	**4,468,863**	**(4,285,072)**	**(1,370,121)**	**(187,705)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	122,418	92,039	14,657	2,008
Net increase/(decrease) in cash, cash equivalents and restricted cash	**4,786,692**	**(2,580,948)**	**(1,690,277)**	**(231,567)**
Cash, cash equivalents and restricted cash at the beginning of the year	3,074,864	7,861,556	5,280,608	723,440
Cash, cash equivalents and restricted cash at the end of the year	7,861,556	5,280,608	3,590,331	491,873
Supplemental disclosures of cash flow information:				
Cash paid for interest	524,484	784,242	678,069	92,895
Cash paid for income taxes	56,153	34,719	78,487	10,753
Acquisition of fixed assets included in accounts payable	3,751	6,869	95,597	13,097
Reconciliation of cash and cash equivalents and restricted cash:				
Cash and cash equivalents	7,097,938	4,434,525	3,529,679	483,564
Restricted cash	13,618	6,120	—	—
Long-term restricted cash	750,000	839,963	60,652	8,309
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	**7,861,556**	**5,280,608**	**3,590,331**	**491,873**

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

1. ORGANIZATION

iQIYI, Inc. (the "Company") was incorporated under the laws of the Cayman Islands on November 27, 2009.

The Company, its wholly-owned subsidiaries, variable interest entities ("VIEs") and VIEs' subsidiaries are hereinafter collectively referred to as the "Group". The Group is an innovative platform in China offering a diverse collection of high-quality internet video content, including professionally produced content licensed from professional content providers and self-produced content, on its platform. The Group provides membership services, online advertising services, content distribution services and online games services. The Group's principal geographic market is in mainland China. The Company does not conduct any substantive operations of its own but conducts its primary business operations through its wholly-owned subsidiaries, VIEs and VIEs' subsidiaries in mainland China.

As of December 31, 2024, the Company's major subsidiaries, VIEs and VIEs' subsidiaries are as follows:

	Place of Incorporation	Date of Establishment/Acquisition	Effective interest held
Subsidiaries:			
Beijing QIYI Century Science & Technology Co., Ltd. ("Beijing QIYI Century")	Mainland China	March 8, 2010	100%
iQIYI HK Limited ("iQIYI HK")	Hong Kong	April 14, 2011	100%
iQIYI Media Limited	Cayman	May 26, 2017	100%
iQIYI Film Group HK Limited	Hong Kong	June 12, 2017	100%
Beijing iQIYI Interactive Technology Co., Ltd.	Mainland China	January 31, 2019	100%
iQIYI International Singapore Pte, Ltd.	Singapore	February 11, 2020	100%
VIEs and VIEs' subsidiaries:			
Beijing iQIYI Science & Technology Co., Ltd. ("Beijing iQIYI", formerly known as Beijing Xinlian Xinde Advertisement Media Co., Ltd.)	Mainland China	Acquired on November 23, 2011	Nil
Shanghai iQIYI Culture Media Co., Ltd. ("Shanghai iQIYI")	Mainland China	December 19, 2012	Nil
Shanghai Zhong Yuan Network Co., Ltd. ("Shanghai Zhong Yuan")	Mainland China	Acquired on May 11, 2013	Nil
Hainan iQIYI Culture Media Co., Ltd.	Mainland China	February 17, 2017	Nil

PRC laws and regulations prohibit or restrict foreign ownership of companies that engage in internet audio-video program services, value-added telecommunication services, radio and television program production and operation services, and certain other services. To comply with these foreign ownership restrictions, the Group operates its platforms and primarily conducts its business in the PRC through the VIEs. The paid-in capital of the VIEs was mainly funded by the Company or its subsidiaries through loans extended to the authorized individuals who were the shareholders of the VIEs. The Company has entered into certain agreements with the shareholders of the VIEs through the Company or its wholly-owned subsidiaries in the PRC, including loan agreements for the paid-in capital of the VIEs and share pledge agreements for the equity interests in the VIEs held by the shareholders of the VIEs. In addition, the Company or its wholly-owned subsidiaries have entered into shareholder voting rights trust agreements, powers of attorney and exclusive purchase option agreements with the VIEs and nominee shareholders of the VIEs, which give the Company or its wholly-owned subsidiaries the power to direct the activities that most significantly affect the economic performance of the VIEs and to acquire the equity interests in the VIEs when permitted by the PRC laws, respectively. Commitment letters have been entered into which obligate the Company to absorb losses of the VIEs that could potentially be significant to the VIEs and certain exclusive

agreements have been entered into that entitle the Company or its wholly-owned subsidiaries to receive economic benefits from the VIEs that potentially could be significant to the VIEs.

Despite the lack of equity ownership, as a result of a series of contractual arrangements (the "Contractual Arrangements"), the shareholders of the VIEs effectively assigned all of their voting rights underlying their equity interests in the VIEs to the Company, which gives the Company the power to direct the activities that most significantly impact the VIEs' economic performance. In addition, through the other exclusive agreements, which consist of the business operation agreements/exclusive management consulting and business cooperation agreements, exclusive technology consulting and services agreements, trademark license agreements and software usage license agreements and business cooperation agreement, the Company, through its wholly-owned subsidiaries in the PRC, has the right to receive economic benefits from the VIEs that potentially could be significant to the VIEs. Lastly, through the commitment letters, the Company has the obligation to absorb losses of the VIEs that could potentially be significant to the VIEs. Therefore, the Company is considered the primary beneficiary of the VIEs and consolidates the VIEs and their subsidiaries as required by Accounting Standards Codification ("ASC") topic 810 ("ASC 810"), *Consolidation*.

The principal terms of the Contractual Arrangements are further described below:

Loan Agreements

Pursuant to the loan agreement amongst Beijing QIYI Century and the shareholder of Beijing iQIYI, amended and restated on January 30, 2013, Beijing QIYI Century provided a RMB27 million interest-free loan to the shareholder of Beijing iQIYI solely for funds necessary for the capital injection to Beijing iQIYI. The loan can be repaid only with the proceeds from the sale of all of the equity interests in Beijing iQIYI to the Company or its designated representative(s) if permitted under PRC laws. The original term of the loan agreement expired on June 23, 2021, which was extended for another ten years to June 23, 2031, and can be further extended upon the written notification from Beijing QIYI Century.

The loan agreement entered into between Beijing QIYI Century and the shareholders of Shanghai iQIYI dated October 25, 2013, contains terms similar to the terms described above, except that the total amount of loans extended to the shareholders of Shanghai iQIYI is RMB10 million. The original term of the loan agreement expired on October 25, 2023, which was extended for another ten years to October 25, 2033 and can be further extended upon the written notification from Beijing QIYI Century.

The loan agreement entered into between Beijing QIYI Century and the shareholder of Shanghai Zhong Yuan, amended on January 14, 2014, contains terms similar to the terms described above, except that the total amount of the loan to the shareholder of Shanghai Zhong Yuan is RMB20 million. The original term of the loan agreement expired on January 14, 2024, which was extended for another ten years to January 14, 2034 and can be further extended upon the written notification from Beijing QIYI Century.

Each of the loan agreements amongst Beijing QIYI Century or other subsidiaries and the respective shareholders of Beijing iQIYI or other VIEs contains substantially the same terms as those described above, except that the amount of the loans and the contract expiration date vary.

Exclusive Purchase Option Agreements

Pursuant to the exclusive purchase option agreement amongst the Company, Beijing QIYI Century, Beijing iQIYI and its shareholder, amended and restated on January 30, 2013, the shareholder granted the Company an exclusive irrevocable option to purchase, all or part of the equity interests held by its shareholder, when and to the extent permitted under PRC law, at an amount equal to the cost of the initial contributions to the registered capital or the minimum amount of consideration permitted by applicable PRC law. In addition, Beijing iQIYI's shareholder granted the Company an exclusive right to designate one or more persons to purchase all the equity interests in Beijing iQIYI. Without the prior written consent of the Company, Beijing iQIYI may not: (i) amend its articles of association, (ii) increase or decrease the registered capital, (iii) sell or otherwise dispose of its assets or beneficial interest, (iv) create or allow any encumbrance on its assets or other beneficial interests, (v) extend any loans to third parties, (vi) enter into any material contract with a value of more than RMB300 (except those contracts entered into in the ordinary course of business), (vii) merge with or acquire any other persons or make any investments, or (viii) distribute dividends to its shareholders. Beijing iQIYI's shareholder also agrees that he will not dispose of the equity interests in Beijing iQIYI nor create or allow any encumbrance on the equity interests and extend any loans to individuals without the prior written consent of the Company. The shareholder should remit to the Company any amount that is paid by the Company or its designated person(s) in connection with the purchased equity interest. Any and all dividends and other capital distributions from Beijing iQIYI to its shareholders should be repaid to the Company. The agreement will terminate when Beijing iQIYI's shareholder transfers all of his equity interests in Beijing iQIYI to the Company or its designated person(s) or upon expiration of the term of business of the Company or Beijing iQIYI. The original term of the agreement is ten years, which was extended for another ten years to November 22, 2032 and may be further renewed at the discretion of the Company.

The exclusive purchase option agreement amongst the Company, Beijing QIYI Century, Shanghai iQIYI and its shareholders dated October 25, 2013, the exclusive purchase option agreement amongst the Company, Beijing QIYI Century, Shanghai Zhong Yuan and its shareholder, amended on January 14, 2014, and each of the exclusive purchase option agreements amongst the Company, Beijing QIYI Century or other subsidiaries, Beijing iQIYI or other VIEs and the respective shareholders, contain terms similar to the terms described above. The original terms of the exclusive purchase option agreement of Shanghai iQIYI and Shanghai Zhong Yuan expired on October 25, 2023 and January 14, 2024, respectively, which were extended to October 25, 2033 and January 14, 2034, respectively, and may be further renewed at the discretion of the Company.

Commitment Letters

Pursuant to the commitment letter dated January 30, 2013, under the condition that Beijing iQIYI remains as a variable interest entity of the Company under United States generally accepted accounting principles ("U.S. GAAP") and the relevant contractual arrangements remain in effect, the Company commits to provide unlimited financial support to Beijing iQIYI, if Beijing iQIYI requires any form of reasonable financial support for its normal business operations. If Beijing iQIYI incurs any losses and as a result cannot repay its loans from the Company and Beijing QIYI Century, the Company and Beijing QIYI Century would unconditionally forgive their loans to Beijing iQIYI, if Beijing iQIYI provides sufficient proof for its loss and incapacity to repay.

The commitment letters executed by the Company for other VIEs including Shanghai iQIYI and Shanghai Zhong Yuan, contain terms similar to the terms described above.

Shareholder Voting Rights Trust Agreements and Powers of Attorney

Pursuant to the shareholder voting rights trust agreement amongst Beijing QIYI Century and Beijing iQIYI's shareholder, amended and restated on January 30, 2013, Beijing iQIYI's shareholder agreed to entrust all the rights to exercise its voting power and any other rights as Beijing iQIYI's shareholder to the person(s) designated by Beijing QIYI Century. Beijing iQIYI's shareholder agreed to irrevocably appoint the person(s) designated by Beijing QIYI Century as his attorney-in-fact to represent him to exercise all the voting rights and other shareholders' rights on his behalf on all matters requiring shareholder approval. The agreement will remain effective for as long as the shareholder remains the shareholder of Beijing iQIYI unless Beijing QIYI Century unilaterally terminates the agreement by written notice. Pursuant to an irrevocable power of attorney, Beijing QIYI Century granted all of its rights under the shareholder voting rights trust agreement to the Company.

The shareholder voting rights trust agreement amongst Beijing QIYI Century and Shanghai iQIYI's shareholders dated October 25, 2013, and the shareholder voting rights trust agreement amongst Beijing QIYI Century and Shanghai Zhong Yuan's shareholder, amended on January 14, 2014, contain terms similar to the terms described above except under the shareholder voting rights trust agreement, the person designated by Beijing QIYI Century as the attorney-in-fact to represent the shareholders of Shanghai iQIYI and Shanghai Zhong Yuan must be approved by the Company.

Each of the shareholder voting rights trust agreements amongst Beijing QIYI Century or other subsidiaries and the respective shareholders of Beijing iQIYI or other VIEs contains substantially the same terms as those described above. Each of the powers of attorney amongst the Company, Beijing QIYI Century or other subsidiaries and the respective shareholders of Beijing iQIYI or other VIEs are substantially the same as terms discussed above.

Exclusive Technology Consulting and Services Agreements

Pursuant to the exclusive technology consulting and services agreement amongst Beijing QIYI Century and Beijing iQIYI effective November 23, 2011, Beijing QIYI Century has the sole and exclusive right to provide to Beijing iQIYI specified technology consulting and services in return for service fees. Beijing iQIYI agrees to accept such services and, without the prior written consent of Beijing QIYI Century, may not accept the same or similar technology consulting and services provided by any third party during the term of the agreement. Beijing iQIYI agrees to pay specified service fees to Beijing QIYI Century on a quarterly basis. Beijing QIYI Century has the right to unilaterally adjust the amount of the service fee through written confirmation, without prior consent from Beijing iQIYI. All the benefits and interests generated from the agreement, including but not limited to software copyrights, intellectual property rights, know-how and trade secrets, become the sole and exclusive rights of Beijing QIYI Century. The agreement has a term of ten years originally, which was extended for another ten years to November 23, 2031, unless Beijing QIYI Century unilaterally terminates the agreement by giving written notification at least thirty days prior to the expiration of the agreement. The agreement can also be further renewed at the discretion of Beijing QIYI Century.

The exclusive technology consulting and services agreement amongst Beijing QIYI Century and Shanghai iQIYI on October 25, 2013, the exclusive technology consulting and services agreement amongst Beijing QIYI Century and Shanghai Zhong Yuan, amended on January 14, 2014, and each of the exclusive technology consulting and service agreements amongst Beijing QIYI Century or other subsidiaries and Beijing iQIYI or other VIEs, contain terms similar to the terms described above. The original terms of the exclusive technology consulting and services agreement of Shanghai iQIYI and Shanghai Zhong Yuan expired on October 25, 2023 and January 14, 2024, respectively, which were extended to October 25, 2033 and January 14, 2034, respectively, and may be further renewed at the discretion of Beijing QIYI Century.

Share Pledge Agreements

Pursuant to the share pledge agreement amongst Beijing QIYI Century and Beijing iQIYI's shareholder, amended and restated on January 30, 2013, Beijing iQIYI's shareholder has pledged all of his equity interests in Beijing iQIYI to guarantee his and Beijing iQIYI's performance of their obligations under, the exclusive technology consulting and services agreement and the amended and restated loan agreement. During the term of the share pledge agreement, Beijing QIYI Century has the right to receive all of the dividends and profits distributed on the pledged equity. If Beijing iQIYI or its shareholder breaches its respective contractual obligations, Beijing QIYI Century, as the pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The shareholder of Beijing iQIYI agrees not to dispose of the pledged equity interests, create or allow any encumbrance on the pledged equity interests or take any actions that would prejudice Beijing QIYI Century's interest. The share pledge agreement will expire after Beijing iQIYI and its shareholder has completed all their obligations under the exclusive technology consulting and services agreement and the amended and restated loan agreement unless otherwise unilaterally terminated by Beijing QIYI Century.

The share pledge agreement amongst Beijing QIYI Century and Shanghai iQIYI's shareholders dated October 25, 2013, the share pledge agreement amongst Beijing QIYI Century and Shanghai Zhong Yuan's shareholder, amended on January 14, 2014, and the share pledge agreements amongst Beijing QIYI Century or other subsidiaries and Beijing iQIYI or other VIEs, contain terms similar to the terms described above except that the pledged equity interest is only to guarantee performance of their obligations under the loan agreements.

Business Operation Agreements / Exclusive Management Consulting and Business Cooperation Agreements

Pursuant to the business operation agreement amongst Beijing QIYI Century, Beijing iQIYI and its shareholder, amended and restated on January 30, 2013, Beijing iQIYI agrees to accept the proposal provided by Beijing QIYI Century from time to time relating to employment, daily business and financial management. This agreement can only be unilaterally revoked/amended by Beijing QIYI Century. The agreement has an original term of ten years, which was extended for another ten years to January 30, 2033 and is further renewable at the discretion of Beijing QIYI Century.

The business operation agreement amongst Beijing QIYI Century and Shanghai iQIYI's shareholders dated October 25, 2013, the business operation agreement amongst Beijing QIYI Century and Shanghai Zhong Yuan's shareholder, amended on January 14, 2014, and the business operation agreements or the exclusive management consulting and business cooperation agreements amongst Beijing QIYI Century or other subsidiaries and Beijing iQIYI or other VIEs, contain terms similar to the terms described above. The original term of the business operation agreement of Shanghai iQIYI and Shanghai Zhong Yuan expired on October 25, 2023 and January 14, 2024, which were extended to October 25, 2033 and January 14, 2034, respectively, and may be further renewed at the discretion of Beijing QIYI Century.

Trademark License Agreement and Software Usage License Agreement

Pursuant to the trademark license agreement and the software usage license agreement amongst Beijing QIYI Century and Beijing iQIYI effective November 23, 2011, Beijing QIYI Century granted a non-exclusive and non-transferable license, without sublicensing rights, to Beijing iQIYI to use its trademarks and software. Beijing iQIYI may only use the licenses in its own business operations. Beijing QIYI Century has the right to adjust the service fees at its sole discretion. The initial term of the two agreements is five years and the software usage license agreement may be extended upon the written consent of Beijing QIYI Century. The trademark license agreement is automatically extended for successive one-year periods after its expiration unless Beijing QIYI Century early terminates the agreement in accordance with the provisions of the agreement. The software usage license agreement was extended for another five years after its initial term, and was extended for another ten years to December 1, 2031 and is further renewable at the discretion of Beijing QIYI Century.

Business Cooperation Agreement

Pursuant to the business cooperation agreement amongst Beijing QIYI Century and Beijing iQIYI effective November 23, 2011, Beijing iQIYI agrees to provide Beijing QIYI Century with services, including internet information services, online advertising and other services reasonably necessary within the scope of Beijing QIYI Century's business. Beijing iQIYI agrees to use technology services provided by Beijing QIYI Century on its platform, including but not limited to, P2P download and video on-demand systems. Beijing QIYI Century agrees to pay specified service fees to Beijing iQIYI as consideration for the internet information services and other services provided by Beijing iQIYI. Beijing iQIYI has the right to waive the service fees at its discretion. The original term of this agreement is ten years, which was extended for another ten years to November 23, 2031 and can be further renewed at Beijing QIYI Century's discretion.

Minority Investment in Beijing iQIYI

In October 2024, a third-party enterprise made an investment of RMB0.3 million in Beijing iQIYI for 1% of Beijing iQIYI's enlarged registered capital. Such third-party minority stake holder is entitled to customary economic rights in proportion to its equity ownership, the right to appoint a director to Beijing iQIYI's three-member board of directors, and certain protective rights.

The third-party minority stake holder is not a party to the contractual arrangements mentioned above that are currently in effect among Beijing iQIYI, the Company, Beijing QIYI Century and Beijing iQIYI's other shareholders. As such, the Company is not able to purchase or have the third-party minority stake holder pledge its 1% equity interests in Beijing iQIYI in the same manner as agreed under existing contractual arrangements, nor is it granted the authorization of voting rights over these 1% equity interests. The Company believes through the wholly-owned PRC subsidiary, the Company still controls and is the primary beneficiary of Beijing iQIYI as it continues to have a controlling financial interest in Beijing iQIYI pursuant to ASC 810-10-25-38A after the issuance of such 1% equity interests.

In the opinion of the Company's legal counsel, (i) the ownership structure relating to the VIEs of the Company is in compliance with existing PRC laws and regulations; (ii) each of the contractual arrangements with the VIEs and their shareholders are valid and legally binding upon each party to such agreement under PRC laws; and (iii) the execution, delivery and performance of the contractual

arrangements do not result in any violation of the provisions of the articles of association and business licenses of the VIEs, and any violation of any explicit provisions of the current PRC laws and regulations.

On January 1, 2020, the Foreign Investment Law came into effect and became the principal laws and regulations governing foreign investment in the PRC. The Foreign Investment Law requires compliance with a negative industry catalog ("Negative List"), which sets forth the business that are restricted and prohibited from foreign investment. The Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, but it contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. There are uncertainties regarding the interpretation of the Foreign Investment Law with respect to the contractual arrangements as a form of foreign investment. The VIEs' internet audio-video program services, value-added telecommunication services, radio and television program production and operation services, and certain other services are included in the Negative List. If any of the contractual arrangements would be deemed as a foreign investment that is prohibited by the Foreign Investment Law or any other current or future laws, regulations or interpretations, the Company's ability, through its wholly- owned subsidiaries in the PRC, to enforce its rights under these contractual arrangements with the VIEs and the Company's ability to conduct business through the VIEs could be severely limited.

In addition, if the current organizational structure or any of the contractual arrangements were found to be in violation of any existing and/or future PRC laws or regulations, the Company may be subject to penalties, which may include but not be limited to: the cancellation or revocation of the Company's business and operating licenses, being required to restructure the Company's operations or discontinue the Company's operating activities. The imposition of any of these or other penalties may cause the Company to lose its right to direct the activities that most significantly impact the VIEs and/or the right to receive economic benefits that could potentially be significant to the VIEs based on the contractual arrangements, which may result in the Company no longer being able to consolidate the financial results of the VIEs in the consolidated financial statements.

Furthermore, shareholders of the VIEs may have interests that are different with those of the Company, which could potentially increase the risk that they would seek to breach the existing terms of the aforementioned agreements.

The carrying amounts of the assets, liabilities and the results of operations of the VIEs and VIEs' subsidiaries included in the Company's consolidated balance sheets and statements of comprehensive income are as follows:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	2,832,913	803,720	110,109
Short-term investments	333,191	738,561	101,182
Accounts receivable, net	2,061,497	2,117,491	290,095
Licensed copyrights, net	361,225	193,365	26,491
Prepayments and other assets	2,603,639	2,138,706	293,002
Total current assets	**8,192,465**	**5,991,843**	**820,879**
Non-current assets:			
Fixed assets, net	600,586	607,502	83,227
Long-term investments	1,712,915	1,577,992	216,184
Licensed copyrights, net	1,951,329	1,656,880	226,992
Produced content, net	12,349,284	13,418,428	1,838,317
Operating lease assets	545,894	486,719	66,680
Goodwill	2,345,466	2,345,466	321,328
Others	745,107	1,156,455	158,434
Total non-current assets	**20,250,581**	**21,249,442**	**2,911,162**
Total assets	**28,443,046**	**27,241,285**	**3,732,041**
LIABILITIES			
Third-party liabilities			
Current liabilities:			
Accounts and notes payable	3,197,634	3,422,348	468,860
Customer advances and deferred revenue	4,234,384	4,212,168	577,065
Short-term loans	2,292,845	1,433,031	196,324
Long-term loans, current portion	—	63,997	8,768
Operating lease liabilities, current portion	83,575	78,079	10,697
Accrued expenses and other liabilities	2,641,951	3,226,119	441,976
Total current liabilities	**12,450,389**	**12,435,742**	**1,703,690**
Non-current liabilities:			
Long-term loans	—	935,455	128,157
Operating lease liabilities	485,139	433,549	59,396
Other non-current liabilities	1,037,634	980,001	134,260
Total non-current liabilities	**1,522,773**	**2,349,005**	**321,813**
Amounts due to the Company and its subsidiaries	**21,712,172**	**19,093,453**	**2,615,792**
Total liabilities	**35,685,334**	**33,878,200**	**4,641,295**

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Total revenues	**26,966,013**	**29,783,468**	**27,576,488**	**3,777,963**
Third-party revenues	26,781,187	29,432,773	27,218,410	3,728,907
Inter-Group revenues	184,826	350,695	358,078	49,056
Cost of revenues	**(22,989,890)**	**(24,439,915)**	**(22,834,288)**	**(3,128,285)**
Third-party cost of revenues	(15,746,144)	(16,776,185)	(14,847,818)	(2,034,143)
Inter-Group cost of revenues	(7,243,746)	(7,663,730)	(7,986,470)	(1,094,142)
Net income	334,414	824,015	492,482	67,470
Net cash provided by/(used for) operating activities	275,422	831,956	(2,024,567)	(277,365)
Net cash provided by/(used for) investing activities	547,231	251,794	(466,579)	(63,921)
Net cash provided by/(used for) financing activities	79,733	(141,212)	461,953	63,287

The carrying amounts of the assets, liabilities and the results of operations of the VIEs and their subsidiaries are presented in aggregate due to the similarity of the purpose and design of the VIEs and their subsidiaries, the nature of the assets in these VIEs and their subsidiaries and the type of the involvement of the Company in these VIEs and their subsidiaries.

Unrecognized revenue-producing assets held by the VIEs include certain internet content provisions and other licenses, domain names and trademarks. The internet content provisions and other licenses, which are held by the VIEs that provide the relevant services, are required under relevant PRC laws, rules and regulations for the operation of Internet businesses in the PRC, and therefore are integral to the Company's operations. The VIEs and VIEs' subsidiaries contributed an aggregate of 92%, 92% and 93% of the Group's consolidated revenues for the years ended December 31, 2022, 2023 and 2024, respectively, after elimination of inter-company transactions. As of December 31, 2023 and 2024, there was no pledge or collateralization of the VIEs and VIEs' subsidiaries' assets that can only be used to settled obligations of the VIEs and VIEs' subsidiaries, other than the aforementioned in the share pledge agreements, business operation agreements and collateralization of a VIE's office building as described in Note 13.

The VIEs' third-party creditors did not have recourse to the general credit of the Company in the normal course of business. The Company did not provide or intend to provide financial or other support not previously contractually required to the VIEs and VIEs' subsidiaries during the years presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The consolidated financial statements have been prepared in accordance with U.S. GAAP. The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, VIEs and VIEs' subsidiaries in which the Company is the primary beneficiary. The results of the subsidiaries are consolidated from the date on which the Group obtains control and continues to be consolidated until the date that such control ceases. A controlling financial interest is typically determined when a company holds a majority of the voting equity interest in an entity. However, if the Company demonstrates its ability to control the VIEs through power to govern the activities which most significantly impact its economic performance and is obligated to absorb losses of the VIEs that could potentially be significant to the VIEs or the right to receive benefits from the VIEs that could potentially be significant to the VIEs, then the entity is consolidated. All intercompany balances and transactions between the Company, its subsidiaries, VIEs and VIEs' subsidiaries have been eliminated on consolidation.

Comparative Information

Certain items in the consolidated statements of cash flows and certain tax related disclosures presented in Note 15 have been adjusted to conform with the current year's presentation.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management evaluates estimates, including those related to the standalone selling prices of performance obligations of revenue contracts, accrued sales rebates for online advertising revenues, the allowance for credit losses, liabilities associated with financial guarantees, future viewership consumption patterns and useful lives of licensed copyrights and produced content, future revenues generated by the broadcasting and sublicensing rights of content assets (licensed and produced), useful lives of certain finite-lived intangible assets, fair values of certain debt and equity investments, recoverability and useful lives of long-lived assets, recoverability of goodwill, ultimate revenue of produced content predominantly monetized on its own, fair values of licensed copyrights and produced content monetized as a film group or individually, fair value of share options to purchase the Company's ordinary shares, fair value of nonmonetary content exchanges, fair value of financial instruments, forfeiture rates for share options granted, valuation allowances on deferred tax assets and income tax uncertainties, among others. Management bases these estimates on its historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

Convenience translation

Translations of amounts from RMB into US$ for the convenience of the readers have been calculated at the exchange rate of RMB7.2993 per US$1.00 on December 31, 2024, the last business day in fiscal year 2024, as published on the website of the United States Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at such rate.

Foreign currency translation and transactions

The Company's functional currency is the US$ and its reporting currency is the RMB. The Company's subsidiaries, VIEs and subsidiaries of the VIEs determine their functional currencies based on the criteria of ASC topic 830, *Foreign Currency Matters* ("ASC 830"). The functional currency of the subsidiaries in the Cayman Islands and Hong Kong is the U.S. dollar. The functional currencies of the subsidiaries, VIEs and VIEs' subsidiaries in Mainland China are the RMB. The Company uses the monthly average exchange rate and the exchange rate at the balance sheet date to translate the operating results and financial position to its reporting currency, respectively. Translation differences are recorded in accumulated other comprehensive income, a component of shareholders' equity.

Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents primarily consist of cash, money market funds, investments in interest bearing demand deposit accounts, time deposits, and highly liquid investments with original maturities of three months or less from the date of purchase and are stated at cost which approximates their fair value.

Restricted Cash

Cash that is restricted as to withdrawal or for use or pledged as security is reported as restricted cash. The Group's restricted cash mainly represents restricted deposits used as security against convertible senior notes and certain lawsuits.

In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets, included in "Restricted cash" in the consolidated balance sheets. Otherwise, they are classified as non-current assets, included in "Prepayments and other assets" in the consolidated balance sheets.

Short-term investments

All highly liquid investments with 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, *Investments—Debt and Equity Securities* ("ASC 320"). The Group classifies the short-term investments in debt investments as "held-to-maturity", "trading" or "available-for-sale", whose classification determines the respective accounting methods stipulated by ASC 320. Interest income, including amortization of the premium and discount arising at acquisition, for all categories of investments are included in earnings. Any realized gains or losses on the sale of short-term investments are determined on a specific identification method, and such gains or losses are reflected in earnings when realized.

The investments that the Group has the positive intent and the ability to hold to maturity are classified as held-to-maturity investments and stated at amortized cost.

The investments that are bought and held principally for the purpose of selling them in the near term are classified as trading investments and measured at fair value. Unrealized holding gains and losses for trading securities are included in earnings.

Investments not classified as trading or as held-to-maturity are classified as available-for-sale investments. Available-for-sale investments are reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income.

Measurement of credit losses

The Group maintains an allowance for credit losses for accounts receivable, contract assets and other receivables, which is recorded as an offset to accounts receivable, contract assets and other receivables, respectively, and the estimated credit losses charged to the allowance is classified as "Selling, general and administrative" in the consolidated statements of comprehensive (loss)/income. When similar risk characteristics exist, the Group assesses collectability and measure expected credit losses on a collective basis for a pool of assets, whereas if similar risk characteristics do not exist, the Group assesses collectability and measures expected credit losses on an individual asset basis. In determining the amount of the allowance for credit losses, the Group considers historic collection experience, the age of the accounts receivable, contract assets balances and other receivables, credit quality of the Group's customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect the customer's ability to pay.

For debt securities, the allowance for credit losses reflects the Group's estimated expected losses over the contractual lives of the debt securities and is recorded as a charge to "Others, net" in the consolidated statements of comprehensive (loss)/income. Estimated allowances of credit losses are determined by considering reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions.

Accounts Receivable, net

Accounts receivable are recognized and carried at the original invoiced amount less an allowance for credit losses. An estimate for the allowance for credit losses is discussed above in "Measurement of credit losses". The receivable balances are written off when they are deemed uncollectible. The Group generally does not require collateral from its customers.

Receivables from Online Payment Agencies, net

Receivables from online payment agencies are cash due from the third-party online payment service providers for clearing transactions and are included in "Prepayments and other assets" on the consolidated balance sheets. The cash was paid or deposited by customers or users through these online payment agencies for services provided by the Group. The Group carefully considers and monitors the credit worthiness of the third-party payment service providers used and provides an allowance for credit losses as discussed in "Measurement of credit losses". Receivable balances are written off when they are deemed uncollectible. As of December 31, 2023 and 2024, allowance for credit losses provided for the receivables from online payment agencies were insignificant.

Fixed assets, net

Fixed assets are stated at cost and are depreciated using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease, as follows:

Computer equipment	3 to 6 years
Office furniture and equipment	3 to 5 years
Leasehold improvements	over the shorter of lease terms or estimated useful lives of the assets
Office building	43 years
Others	5 years

Repair and maintenance costs are expensed as incurred, whereas the cost of renewals and betterments that extend the useful lives of the assets are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive (loss)/income.

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalized as construction in progress. Construction in progress is transferred to specific fixed assets items and depreciation of these assets commences when ready for their intended use.

Long-term investments

The Group's long-term investments consist of equity securities without readily determinable fair values, equity method investments, available-for-sale debt securities accounted for at fair value and equity securities with readily determinable fair value.

Equity investments, except for those accounted for under the equity method, and those that result in consolidation of the investee and certain other investments, are measured at fair value in accordance with ASC topic 321, *Investments—Equity Securities* ("ASC 321") and any changes in fair value are recognized in earnings. For equity securities without readily determinable fair values and do not qualify for the existing practical expedient in ASC topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") to estimate fair value using the net asset value per share (or its equivalent) of the investment, the Group elected to use the measurement alternative to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. Equity securities with readily determinable fair values are measured at fair value, and any changes in fair value are recognized in earnings.

Investments in entities in which the Group can exercise significant influence and holds an investment in voting common stock or in-substance common stock (or both) of the investee but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323, *Investments—Equity Method and Joint Ventures* ("ASC 323"). Under the equity method, the Group initially records its investment at cost and the difference between the cost of the equity investee and the amount of the underlying equity in the net assets of the equity investee is accounted for as if the investee was a consolidated subsidiary. The Group subsequently adjusts the carrying amount of the investments to recognize the Group's proportionate share of each equity investee's net income or loss into earnings after the date of investment. When calculating its proportionate share of each equity investee's net income or loss, the Group adjusts the net income or loss of equity investee to include accretion of preferred stock that is classified in temporary equity in the equity investee's financial statements. Intra-entity profits and losses shall be eliminated until realized by the Group or investee as if the investee was consolidated. The Group will discontinue applying the equity method if an investment (plus additional financial support provided to the investee, if any) has been reduced to zero. When the Group has other investments in its equity-method investee and is not required to advance additional funds to the investee, the Group would continue to report its share of equity method losses in its consolidated statements of comprehensive (loss)/income after its equity-method investment in ordinary shares has been reduced to zero, to the extent of and as an adjustment to the adjusted basis of the Group's other investments in the investee. The Group evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in the consolidated statements of comprehensive (loss)/income when the decline in value is determined to be other-than-temporary.

Available-for-sale debt securities represent convertible debt instruments issued by private companies and investments in equity securities that are redeemable at the Company's option, which are measured at fair value, with interest income recorded in earnings and unrealized gains or losses recorded in accumulated other comprehensive income.

Produced content, net

The Group produces original content in-house and in collaboration with external parties. Produced content primarily consists of films, episodic series, mini and short dramas, variety shows and animations. The costs incurred in the physical production of original content include direct production costs, production overhead and acquisition costs. Produced content also includes cash expenditures made to acquire a proportionate share of certain rights to films including profit sharing, distribution and/or other rights. Exploitation costs are expensed as incurred. Participation costs are accrued using the individual-film-forecast-computation method, which recognizes the costs in the same ratio as the associated ultimate revenue. Production costs for original content that are predominantly monetized in a film group are capitalized. Production costs for original content that are predominantly monetized on its own are capitalized to the extent that they are recoverable from total revenues expected to be earned ("ultimate revenue"); otherwise, they are expensed as cost of revenues. Ultimate revenue estimates include revenue expected to be earned from all sources, including exhibition, licensing, or exploitation of produced content if the Group has demonstrated a history of earning such revenue. The Group estimates ultimate revenue to be earned during the estimated useful lives of produced content based on anticipated release patterns and historical results of similar produced content, which are identified based on various factors, including cast and crew, target audience and popularity. The capitalized production costs are reported separately as noncurrent assets with caption of "Produced content, net" on the consolidated balance sheets.

Based on factors including historical and estimated future viewership consumption patterns, the Group amortizes produced content that is predominantly monetized in a film group. For produced content that is monetized on its own, the Group considers historical and estimated usage patterns to determine the pattern of amortization. Based on the estimated patterns, the Group amortizes produced content using an accelerated method over its estimated useful lives within ten years, beginning with the month of first availability and such costs are included in "Cost of revenues" in the consolidated statements of comprehensive (loss)/income.

Licensed copyrights, net

Licensed copyrights consist of professionally produced content such as films, drama series, mini and short dramas, variety shows and other video content acquired from external parties. The license fees are capitalized and, unless prepaid, a corresponding liability is recorded when the cost of the content is known, the content is accepted by the Group in accordance with the conditions of the license agreement and the content is available for its first showing on the Group's platforms. Licensed copyrights are presented on the consolidated balance sheets as current and non-current based on estimated time of usage.

The Group's licensed copyrights include the right to broadcast and, in some instances, the right to sublicense. The broadcasting right, refers to the right to broadcast the content on its own platforms and the sublicensing right, refers to the right to sublicense the underlying content to external parties. When licensed copyrights include both broadcasting and sublicensing rights, the content costs are allocated to these two rights upon initial recognition, based on the relative proportion of the estimated total revenues that will be generated from each right over its estimated useful lives.

For the right to broadcast the contents on its own platforms that generates online advertising and membership services revenues, the content costs are amortized based on factors including historical and estimated future viewership patterns, using an accelerated method by content categories over the shorter of each content's contractual period or estimated useful lives within ten years, beginning with the month of first availability. Content categories accounting for most of the Group's content include newly released drama series, newly released films, animations, library drama series and library films. Estimates of future viewership consumption patterns and estimated useful lives are reviewed periodically, at least on an annual basis and revised, if necessary. Revisions to the amortization patterns are accounted for as a change in accounting estimate prospectively in accordance with ASC topic 250, *Accounting Changes and Error Corrections* ("ASC 250"). For the right to sublicense the content to external parties that generates direct content distribution revenues, the content costs are amortized based on its estimated usage pattern and recorded as cost of revenues.

Impairment of licensed copyrights and produced content

The Group's business model is mainly subscription and advertising based, as such, the majority of the Group's content assets (licensed copyrights and produced content) are predominantly monetized with other content assets. A smaller portion of the Group's content assets are predominantly monetized at a specific title level such as variety shows and investments in a proportionate share of certain film rights including profit sharing, distribution and/or other rights. Because the identifiable cash flows related to content launched on the Group's Mainland China platform are largely independent of the cash flows of other content launched on the Group's overseas platform, the Group has identified two separate film groups. The Group reviews its film groups and individual content for impairment when there are events or changes in circumstances that indicate the fair value of a film group or individual content may be less than its unamortized costs. Examples of such events or changes in circumstances include, a significant adverse change in technological, regulatory, legal, economic, or social factors that could affect the fair value of the film group or the public's perception of a film or the availability of a film for future showings, a significant decrease in the number of subscribers or forecasted subscribers, or the loss of a major distributor, a change in the predominant monetization strategy of a film that is currently monetized on its own, actual costs substantially in excess of budgeted costs, substantial delays in completion or release schedules, or actual performance subsequent to release failing to meet expectations set before release such as a significant decrease in the amount of ultimate revenue expected to be recognized.

When such events or changes in circumstances are identified, the Group assesses whether the fair value of an individual content (or film group) is less than its unamortized film costs, determines the fair value of an individual content (or film group) and recognizes an impairment charge for the amount by which the unamortized capitalized costs exceed the individual content's (or film group's) fair value. The Group mainly uses a discounted cash flow approach to determine the fair value of an individual content or film group, of which the most significant inputs include the forecasted future revenues, costs and operating expenses attributable to an individual content or the film group and the discount rate. An impairment loss attributable to a film group is allocated to individual licensed copyrights and produced content within the film group on a pro rata basis using the relative carrying values of those assets as the Group cannot estimate the fair value of individual contents in the film group without undue cost and effort.

Partner-generated content ("PGC")

The Group collaborates with a large number of selected partners to supplement its video content portfolio with PGC, and incentivizes them to submit high-quality content through the Group's revenue-sharing mechanism. Under such arrangements, the Group shares with the partners a portion of the revenues derived from either online advertising services or membership services based on various factors agreed upon. As the Group is the primary obligor of online advertising services and membership services, such revenues are recorded on a gross basis. Revenue sharing costs incurred and payable to partners are recognized as cost of revenues when the criteria of those pre-agreed conditions are met.

Goodwill and intangible assets

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination. The Group assesses goodwill for impairment in accordance with ASC subtopic 350-20, *Intangibles—Goodwill and Other: Goodwill* ("ASC 350-20"), which requires that goodwill be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20.

A reporting unit is defined as an operating segment or one level below an operating segment referred to as a component. The Group determines its reporting units by first identifying its operating segments, and then assesses whether any components of these

segments constituted a business for which discrete financial information is available and where the Company's segment manager regularly reviews the operating results of that component. The Group determined that it has one reporting unit because components below the consolidated level either did not have discrete financial information or their operating results were not regularly reviewed by the segment manager.

The Group has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test in accordance with ASC 350-20. If the Group believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the quantitative impairment test described above is required. Otherwise, no further testing is required. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. The quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit is greater than zero and its fair value exceeds its carrying amount, goodwill of the reporting unit is considered not impaired.

The attributable amount of goodwill is included in the determination of the amount of gain or loss recognized upon disposal of a portion of reporting unit that constitutes a business. When the Group disposes of a business within the reporting unit, the amount of goodwill disposed is measured on the basis of the relative fair value of the business disposed and the portion of the reporting unit retained. This relative fair value approach is not used when the business to be disposed was not integrated into the reporting unit after its acquisition, in which case the current carrying amount of the acquired goodwill should be included in the carrying amount of the business to be disposed.

Intangible assets

Intangible assets with finite lives are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets with finite lives are amortized using the straight-line method over the estimated economic lives.

Intangible assets have estimated economic lives as follows:

Intellectual property rights	1-10 years
Online literature	1-10 years
Trademarks	10-22 years
Domain names	10-22 years
Published mobile games	2-4 years
Technology	5 years
Others	2 to 20 years

Impairment of Long-Lived Assets Other Than Goodwill

The Group evaluates long-lived assets, such as fixed assets and purchased or acquired intangible assets with finite lives other than licensed copyrights and produced content, for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable in accordance with ASC subtopic 360-10, *Property, Plant and Equipment: Overall* ("ASC 360-10"). When such events occur, the Group assesses the recoverability of the long-lived assets based on the undiscounted future cash flows the long-lived assets are expected to generate at the lowest level of identifiable cash flows. The Group recognizes an impairment loss when the estimated undiscounted future cash flow expected to result from the use of the long-lived assets plus net proceeds expected from the eventual disposition of the long-lived assets, if any, is less than their carrying values. If the Group identifies an impairment, the Group reduces the carrying value of the long-lived assets to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. The Group uses estimates and judgments in its impairment tests and if different estimates or judgments had been utilized, the timing or the amount of any impairment charges could be different.

Revenue Recognition

The Group's revenues are derived principally from membership services, online advertising services and content distribution. Revenue is recognized when control of promised goods or services is transferred to the Group's customers in an amount of consideration to which an entity expects to be entitled to in exchange for those goods or services. Value added taxes ("VAT") are presented as a reduction of revenues.

The Group's revenue recognition policies are set forth as follows:

Membership services

The Group offers membership services to subscribing members with various privileges, which primarily include access to exclusive and ad-free streaming of premium content 1080P/4K high-definition video, eXave Max, Dolby Audio, and accelerated downloads and others. When the receipt of membership fees is for services to be delivered over a period of time, the receipt is initially recorded as "Customer advances and deferred revenue" on the consolidated balance sheets and revenue is recognized ratably over the membership period as services are rendered. Membership services revenue also includes fees earned from subscribing members for on-demand content purchases and early access to premium content. The Group is the principal in its relationships where partners, including consumer electronics manufacturers (TVs and cell phones), mobile operators, internet service providers and online payment agencies, provide access to the membership services or payment processing services as the Group retains control over its service delivery to its subscribing members. Typically, payments made to the partners are recorded as cost of revenues. For the sale of the right to other membership services through strategic cooperation with other parties, the Group recognizes revenue on a net basis when the Group does not control the specified services before they are transferred to the customer.

Online advertising services

The Group sells advertising services by delivering both brand advertising and performance-based advertising, primarily to third-party advertising agencies and a small portion is sold directly to advertisers. Advertising contracts are signed to establish the price and advertising services to be provided. For brand advertising, the Group provides advertisement placements on its platforms in different formats, including but not limited to video, banners, links, logos, brand placement and buttons. For contracts where the Group provides customers with multiple performance obligations, consideration is allocated to each performance obligation based on its relative standalone selling price and revenue is recognized as each performance obligation is satisfied through the Group's display of the advertisements in accordance with the advertising contracts.

For performance-based advertising, the Group distributes its customers sponsored links or advertisements by leveraging the traffic of its own and other partners' online properties in the same way. As the principal, the Group recognizes revenue from performance-based advertising on a gross basis and payments made to its partners are recorded as "Cost of revenues" in the consolidated statements of comprehensive (loss)/income.

The Group provides various sales incentives to its customers for meeting certain cumulative purchase volume requirements, including cash rebates to certain third-party advertising agencies and non-cash credits which can be used to acquire future online advertising services in certain bundled arrangements, which are negotiated on a contract-by-contract basis with customers. The Group accounts for cash rebates granted to customers as variable consideration which is measured based on the most likely amount of incentive to be provided to customers. Non-cash credits granted to customers are considered options to acquire additional services that provide customers with a material right. The contract consideration related to these customer options to acquire additional services are deferred and recognized as revenue when future services are transferred or when the options expire.

Content distribution

The Group generates revenues from sub-licensing content assets within its authorized scope for cash or through nonmonetary exchanges mainly with other online video broadcasting companies, as well as from the release of feature films for exhibition in theaters. For cash sub-licensing transactions, the Group is entitled to receive the sub-license fee under the sub-licensing arrangements and does not have any future obligation once it has provided the underlying content to the sub-licensee (which is provided at or before the beginning of the sub-license period). The sub-licensing of content assets represents a license of functional intellectual property which grants a right to use the Group's content assets and is recognized at the point in time when the content asset is made available for the customer's use and benefit.

The Group also enters into nonmonetary transactions to exchange online broadcasting rights of content assets with other online video broadcasting companies from time to time. The exchanged content assets provide rights for each party to broadcast the content assets received on its own platform only. Each transferring party retains the right to continue broadcasting the exclusive content on its own platform and/or sublicense the rights to the content it surrendered in the exchange. The Group accounts for these nonmonetary exchanges based on the fair value of the asset received. Barter revenues are recognized in accordance with the same revenue recognition criteria above. The Group estimates the fair value of the content assets received using a market approach based on various factors, including the purchase price of similar non-exclusive and/or exclusive contents, broadcasting schedule, cast and crew, theme, popularity and box office. The transaction price of barter transaction is calculated on the individual content asset basis. For a significant

barter transaction, the Company further reviews the fair value by analyzing against the cost of the content assets bartered out and/or engages a third-party valuation firm to assess the reasonableness of its fair value. The attributable cost of sublicensing transactions, whether for cash or through nonmonetary exchanges, is recognized as cost of revenues through the amortization of the sublicensing right component of the exclusive content asset.

Others

Other revenues mainly include revenues from online games and other licensing.

Online games

The Group operates mobile games including both self-developed and licensed mobile games and generates mobile game revenues from the sale of in-game virtual items, including items, avatars, skills, privileges or other in-game consumables, features or functionality.

The Group records revenue generated from mobile games on a gross basis if the Group acts as the principal in the mobile game arrangements under which the Group controls the specified services before they are provided to the customer. In addition, when the Group acts as the principal, it is primarily responsible for fulfilling the promise to provide maintenance services and has discretion in setting the price for the services to the customer. Otherwise, the Group records revenue on a net basis based on the ratios pre-determined with the online game developers when all the revenue recognition criteria set forth in ASC topic 606, *Revenue from Contracts with Customers* ("ASC 606") are met, which is generally when the user purchases virtual currencies issued by the game developers.

For transactions where the Group is the principal, the Group determines that the in-game virtual items are identified as performance obligations. The Group provides on-going services to the end-users who purchase virtual items to gain an enhanced game-playing experience. For the sale of durable virtual items, the Group recognizes revenues ratably over the estimated average playing period of these paying players, starting from the point in time when durable virtual items are delivered to the players' accounts. For the sale of consumable virtual items, the Group recognizes revenue as the items are consumed.

Other licensing

The Group grants rights to its customers to re-create short-form videos for selected content assets from its existing content library over a fixed license period. The transaction price is allocated based on the estimated standalone selling prices of the identified performance obligations, which consists of (i) the licensing of rights related to selected content assets in the existing content library; and (ii) future unspecified updates to the existing content library during the license period. The Group records revenue when the customer obtains the rights for the selected content assets from its existing content library at the commencement of the license period and as the updated contents are made available to the customer over the license period.

Contract balances

Payment terms and conditions vary by customer and are based on the billing schedule established in the Group's contracts with customers, but the Group generally provides credit terms to customers within one year; therefore, the Group has determined that its contracts do not include a significant financing component.

When either party to a revenue contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

Contract assets mainly represent unbilled amounts related to the Group's rights to consideration for advertising services delivered and are included in "Prepayments and other assets" on the consolidated balance sheets. As of December 31, 2023 and 2024, contract assets were RMB1,598,059 and RMB1,203,612 (US$164,894), respectively, net of an allowance for credit losses of RMB17,832 and RMB32,614 (US$4,468), respectively. The decrease in the balance of contract assets was primarily due to less outstanding advertising contracts as of December 31, 2024 compared to the prior year for which the Group had commenced to provide advertisement placements but had not completed all specified advertising services in the contract, which corresponds to when the Group has the right to bill its customers.

Contract liabilities are the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers, which are comprised of: i) payments received for membership fees and other services; ii) virtual currency sold for which the corresponding services have not yet been provided to customers; and iii) non-cash credits granted to customers. Contract liabilities are primarily presented in "Customer advances and deferred revenue" and "Other non-current liabilities" on the consolidated balance sheets. Balances of contract liabilities were RMB5,219,837 and RMB5,313,558 (US$727,954) as of December 31, 2023 and December 31, 2024, respectively. Revenue recognized for the year ended December 31, 2024 that was included in contract liabilities as of January 1, 2024 was RMB3,922,288 (US$537,351).

As of December 31, 2024, total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied for contracts with an original expected length of more than one year was RMB989,677 (US$135,586), which is expected to be recognized over the next two years.

Practical Expedients and Exemptions

The Group does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Group recognizes revenue at the amount to which it has the right to invoice for services performed.

Cost of Revenues

Cost of revenues consists primarily of content costs and others.

Advertising expenses

Advertising expenses, primarily marketing spend in channel coverage and content related promotion are included in "Selling, general and administrative" and are expensed when incurred. Advertising expenses for the years ended December 31, 2022, 2023 and 2024 were RMB1,809,118, RMB2,632,727 and RMB2,424,852 (US$332,203), respectively.

Research and development expenses

Research and development expenses consist primarily of personnel-related expenses (including share-based compensation cost) incurred for the development and enhancement to the Group's platforms as well as costs associated with new product development and enhancement. Depreciation expenses and other operating costs are also included in research and development expenses. The Group recognizes research and development costs as expenses when incurred.

Government subsidies

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. The government subsidies with certain conditions are initially recorded as "Other liabilities" or "Other non-current liabilities" when received and will be recognized as income in "Others, net" or as a reduction of specific operating costs and expenses when the conditions are met. The government subsidies with no further conditions to be met are recognized when received as income in "Others, net" or as a reduction of specific operating costs and expenses for which the grants are intended to subsidize. If the government subsidies are related to an asset, it is recognized as a deduction of the carrying amount of the asset when the conditions are met and then recognized ratably over the expected useful life of the related asset as a reduction to the related amortization or depreciation in the consolidated statements of comprehensive (loss)/income.

Leases

The Group has lease agreements with lease and non-lease components, which are generally accounted for separately. For leases of infrastructure include internet data centers ("IDC") facilities, the Group accounts for the lease and non-lease components as a single lease component. Lastly, the Group elected the short-term lease exemption for all contracts with lease terms of 12 months or less.

The Group determines if an arrangement is a lease or contains a lease at lease inception in accordance with ASC topic 842, *Leases* ("ASC 842"). For operating leases, the Group recognizes a right-of-use asset ("ROU asset") and a lease liability based on the present value of the lease payments over the lease term in the consolidated balance sheets at commencement date. For finance leases, assets are included in "Fixed assets, net" in the consolidated balance sheets. Finance lease liabilities are included in "Other liabilities" and "Other non-current liabilities" in the consolidated balance sheets. As the implicit rate of most of the Company's leases are not readily determinable, the Company estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in the economic environment where the leased asset is located. Renewal options are included in the lease term if the Group is reasonably certain to exercise those options while options to terminate the lease are only included in the lease term if the Group is reasonably certain not to exercise those options. Lease expense is recorded on a straight-line basis over the lease term.

Income Taxes

The Group follows the liability method of accounting for 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 portions, or all, of the deferred tax assets will not be realized. The effect 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 has elected to classify interest and penalties related to an uncertain tax position, if and when required, as part of income tax expense in the consolidated statements of comprehensive (loss)/income.

The Group applies the provisions of ASC topic 740, *Accounting for Income Taxes* ("ASC 740"), to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements. The Group elects to classify interest and penalties related to an uncertain tax position, if and when required, as part of income tax expense in the consolidated statements of comprehensive (loss)/income. In general, the PRC tax authorities have up to five years to conduct examinations of the tax filings of the Group's PRC subsidiaries. Accordingly, the PRC subsidiaries' tax filings from 2019 through 2024 remain open to examination by the respective tax authorities. The Group may also be subject to the examinations of the tax filings in other jurisdictions, which are not material to the consolidated financial statements.

(Loss)/earnings per share

The Company computes (loss)/earnings per Class A and Class B ordinary shares in accordance with ASC topic 260, *Earnings per Share* ("ASC 260") using the two-class method. Under the two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The participating rights (liquidation and dividend rights) of the holders of the Company's Class A and Class B ordinary shares are identical, except with respect to voting and conversion (Note 18). As a result, and in accordance with ASC 260, the undistributed (loss)/income is allocated based on the contractual participation rights of the Class A and Class B ordinary shares, respectively. As the liquidation and dividend rights are identical, the undistributed (loss)/income is allocated on a proportionate basis.

Diluted (loss)/earnings per share is computed using the weighted average number of ordinary shares and, if dilutive, potential ordinary shares outstanding during the period. Potential ordinary shares consist of ordinary shares issuable upon the conversion of convertible senior notes using the if-converted method and ordinary shares issuable upon the exercise of share options and vesting of restricted share units, using the treasury stock method. Potential ordinary shares are excluded from the computation of diluted (loss)/earnings per share if their effects are anti-dilutive. The computation of the diluted (loss)/earnings per Class A ordinary share assumes the conversion of Class B ordinary shares to Class A ordinary shares, while diluted (loss)/earnings per Class B ordinary share does not assume the conversion of such shares. The Company adjusts for the securities issued by subsidiaries and equity method investees in the calculation of (loss)/income available to ordinary shareholders of the Company used in the diluted (loss)/earnings per share calculation.

Share-based compensation

The Company accounts for share-based compensation in accordance with ASC topic 718, *Compensation-Stock Compensation* ("ASC 718").

The Company has elected to recognize share-based compensation using the straight-line method for all share-based awards granted with graded vesting based on service conditions. For awards with performance conditions, compensation cost is recognized on an accelerated basis if it is probable that the performance condition will be achieved. If required vesting conditions are not met and the share-based awards are forfeited, previously recognized compensation expenses relating to those awards are reversed. The Company elects to estimate forfeitures at the time of grant and revised, if necessary, in the subsequent period if actual forfeitures differ from initial estimates. Forfeiture rates are estimated based on historical experience and future expectations of employee turnover rates and are periodically reviewed. To the extent the Company revises these estimates in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods. Share-based compensation expense was recorded net of estimated forfeitures such that expense was recorded only for those share-based awards that are expected to vest.

The Company, with the assistance of an independent third-party valuation firm, determined the fair value of share-based awards granted to employees and non-employees, if applicable.

Fair Value Measurements

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

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

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

Level 2—Include other inputs that are directly or indirectly observable in the marketplace

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

Accounting guidance also 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.

Financial assets and liabilities of the Group primarily consist of cash and cash equivalents, restricted cash, short-term investments, receivables from online payment agencies, amounts due from related parties, long-term investments, short-term loans, income tax payable, amounts due to related parties, accrued expenses, other liabilities and convertible senior notes. The carrying amounts of these financial instruments, except for long-term available-for-sale debt security and convertible senior notes, approximate their fair values because of their generally short maturities.

Commitments and contingencies

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that a potential loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

Concentration of risks

Concentration of credit risks

Financial instruments that potentially subject the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, contract assets, amounts due from related parties, receivables from online payment agencies and long-term restricted cash included in prepayments and other assets. The carrying amounts of these assets represent the Group's maximum exposure to credit risk. As of December 31, 2024, the Group has RMB3,590,331 (US$491,873) in cash, cash equivalents, restricted cash and long-term restricted cash included in prepayments and other assets, which is held in cash and demand deposits with several financial institutions in the PRC and international financial institutions outside of the PRC, respectively. In the event of bankruptcy of one of these financial institutions, the Group may not be able to claim its cash and demand deposits back in full. The Group continues to monitor the financial strength of the financial institutions.

Accounts receivable, contract assets, amounts due from related parties (other than loan due from PAG) and receivables from online payment agencies are typically unsecured and denominated in RMB, derived from revenue earned from customers and agencies in the PRC, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. The Group maintains an allowance for credit losses and the Group had no single customer with a balance exceeding 10% of the total accounts receivable and contract asset balance as of December 31, 2023 and 2024.

Business and economic risks

The Group participates in a dynamic high technology industry and believes that changes in any of 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 services and products; changes in business offerings; competitive pressures due to new entrants; advances and new trends in new technologies and industry standards; changes in bandwidth suppliers; changes in certain strategic relationships or customer relationships; regulatory considerations; copyright regulations; cybersecurity regulations; risks associated with the Group's ability to anticipate user preferences and provide high-quality content in a cost-effective manner; and risks associated with the Group's ability to attract and retain employees necessary to support its growth. The Group's operations could be adversely affected by significant political, economic and social uncertainties in the PRC.

Currency convertibility risk

Substantially all of the Group's operating activities are transacted in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Foreign currency exchange rate risk

The functional currency and the reporting currency of the Company are the US$ and the RMB, respectively. The Company's exposure to foreign currency exchange rate risk primarily relates to cash and cash equivalents, restricted cash, short-term investments, long-term held-to-maturity debt securities, convertible senior notes and accounts and notes payable denominated in U.S. dollars. The appreciation of the US$ against RMB was approximately 2.81% in 2024. Most of the Company's revenues and costs are denominated in RMB, while a portion of cash and cash equivalents, restricted cash, short-term investments, long-term held-to-maturity debt securities, accounts and notes payable and all the amount of convertible senior notes are denominated in U.S. dollars. Any significant fluctuation of RMB may materially and adversely affect the Company's cash flows, revenues, earnings and financial position in U.S. dollars.

Segment reporting

The Group adopted ASU 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures* ("ASU 2023-07") on January 1, 2024 retrospectively, which focuses on improving reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The Company operates as one operating segment and derives revenues primarily from membership services, online advertising services and content distribution through the innovative platform offering a diverse collection of high-quality internet video contents. In accordance with ASC subtopic 280-10, *Segment Reporting*, the Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews the consolidated results of operations and uses consolidated net income as reported on the income statement when making decisions about allocating resources and assessing performance of the Group as a whole; hence, the Group has only one operating segment. Because substantially all of the Group's long-lived assets and revenues are located in and derived from the PRC, the Group does not distinguish between markets for the purpose of internal reporting, and therefore, geographical segments are not presented. The measure of segment assets is reported on the balance sheet as total consolidated assets. Since the Company operates in one segment, segment revenue, profit or loss required by "Segment Reporting" is disclosed in the consolidated statements of comprehensive (loss)/income. The Company determines that content costs are the significant segment expenses. Content costs for the years ended December 31, 2022, 2023 and 2024 were RMB16,063,486, RMB16,496,391 and RMB15,709,737 (US$2,152,225), respectively. Other segment items, representing the aggregated residual amount reconciling from segment revenue, significant segment expense and segment profit or loss, mainly include payments made to the partners that provide access to the membership services or payment processing services, advertising expenses and personnel compensation expenses.

Comprehensive (loss)/income

Comprehensive (loss)/income is defined as the changes 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. Among other disclosures, ASC topic 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive (loss)/income be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the years presented, the Company's comprehensive (loss)/income includes net (loss)/income, foreign currency translation adjustments and unrealized losses on available-for-sale debt securities and is presented in the consolidated statements of comprehensive (loss)/income.

Recent accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. This ASU should be applied prospectively with the option to apply the standard retrospectively. The Group is currently evaluating the impact of the accounting standard updates on the consolidated financial statements.

In December 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*("ASU 2024-03"), which requires additional disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. This ASU should be applied prospectively with the option to apply the standard retrospectively. The Group is currently evaluating the impact of this new standard on it consolidated financial statements.

3. SHORT-TERM INVESTMENTS

As of December 31, 2023 and 2024, the Group's short-term investments consist of available-for-sale debt investments with maturities of less than one year purchased from commercial banks and other financial institutions.

4. LONG-TERM INVESTMENTS

The Group's long-term investments primarily consist of equity investments without readily determinable fair value, equity method investments and available-for-sale debt investments.

Equity investments without readily determinable fair value

As of December 31, 2023 and 2024, the carrying amounts of the Group's equity investments without readily determinable fair value were as follows:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Initial cost basis	2,474,037	2,140,511	293,249
Cumulative unrealized gains	82,746	72,296	9,905
Cumulative unrealized losses (including impairment)	(970,194)	(1,108,262)	(151,831)
Total carrying amount	1,586,589	1,104,545	151,323

Impairment charges recognized on equity investments measured using the measurement alternative were RMB458,559, RMB280,611 and RMB146,532 (US$20,075) for the years ended December 31, 2022, 2023 and 2024, respectively.

Total realized and unrealized gains and losses for equity securities without readily determinable fair values for the years ended December 31, 2022, 2023 and 2024 are as follows:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Gross unrealized gains (upward adjustments)	31,295	4,184	—	—
Gross unrealized losses (downward adjustments excluding impairment)	—	(8,211)	—	—
Net unrealized gains/(losses) on equity securities held	31,295	(4,027)	—	—
Net realized gains on equity securities sold	—	—	21,230	2,908
Total net gains/(losses) recognized	31,295	(4,027)	21,230	2,908

Equity method investments

Strawbear Entertainment Group (or "Strawbear"), a company listed on the Hong Kong Stock Exchange ("HKSE"), is a major drama series producer and distributor in the PRC, covering the investment, development, production and distribution of TV series and web series. As of December 31, 2023 and 2024, the Group's equity interest in Strawbear was 13.90% and 13.78%, respectively. The Group is considered to have significant influence over Strawbear and accounts for such investment as an equity method investment. In 2022 and 2023, the market value of Strawbear had significantly declined and remained below the carrying value of the investment for a prolonged period of time. Therefore, the Group concluded that the decline in market value of the investment in Strawbear was other-than-temporary and impairment charges of RMB382,715 and RMB55,615 were recorded for the years ended December 31, 2022 and 2023. As of December 31, 2024, the Group's investments in Strawbear had a fair value of RMB46,640 (US$6,390) based on the closing share price.

In January 2022, the Group entered into an amended shareholder agreement with other investors of Beijing Dreamagic Science and Technology Co., Ltd. (or "Dreamagic"), a subsidiary of the Group in the business of producing virtual reality equipment for which the Group held an 81.95% interest in Dreamagic's common stock while other investors hold preferred stock (44.6% on a fully diluted basis). The amended shareholder agreement included substantive changes to (i) increase the number of votes to 60% of the outstanding voting interests for significant decisions of Dreamagic that are made in the ordinary course of business; and (ii) reduce the number of seats on Dreamagic's board of directors to three seats with a total of seven members. As a result, the Group lost control and deconsolidated Dreamagic and accounted for its common stock investment as an equity method investment with an initial carrying value amounting to RMB250,502 as it has significant influence over Dreamagic. The excess of the carrying value of the investment over the proportionate share of Dreamagic's net assets of RMB208,084 was recognized as basis differences and investment goodwill. In addition, the preferred stock investment of 7.28% held by the Group, on a fully diluted basis, contains substantive liquidation and redemption preference and is not considered in-substance common stock and accounted for using the measurement alternative. The Group recognized a total gain of RMB367,717 from the transaction in "Others, net" in the consolidated statement of comprehensive loss for the year ended December 31, 2022, of which substantially all of the gain relates to the re-measurement of the Group's retained investment in Dreamagic. Upon deconsolidation, a financial liability with a maximum potential amount of RMB140,044 was recognized for the Group's obligation to guarantee payments to certain guaranteed preferred shareholders if Dreamagic is unable to pay the redemption price of the preferred shares in full upon the occurrence of redemption or liquidation event, which partially offset the disposal gain. As of December 31, 2023 and 2024, the Group's equity interests of common stock were diluted to 42.66% on a fully diluted basis.

As of December 31, 2023 and 2024, the Group also held several other equity method investments through its subsidiaries or VIEs, all of which the Group can exercise significant influence but does not own a majority equity interest in or has control over. The other equity method investments were not significant. The carrying amounts of the Group's equity method investments including Strawbear and Dreamagic were RMB183,375 and RMB205,450 (US$28,147) as of December 31, 2023 and 2024, respectively.

Available-for-sale debt investments

Available-for-sale debt investments are measured at fair value and consist of convertible debt instruments issued by private companies and investments in equity securities that are redeemable at the Company's option with no contractual maturity date.

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Cost or Amortized cost	315,087	819,790	112,311
Gross unrealized gains	169,008	35,062	4,803
Gross unrealized losses	(18,089)	(65,870)	(9,024)
Fair value	466,006	788,982	108,090

5. ACCOUNTS RECEIVABLE, NET

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Accounts receivable	2,316,537	2,281,804	312,606
Allowance for credit losses	(147,495)	(90,626)	(12,416)
Accounts receivable, net	2,169,042	2,191,178	300,190

The following table presents movement of the allowance for credit losses:

	As of December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Balance at the beginning of the year	240,326	130,148	147,495	20,207
(Reversal) /Provisions	(41,943)	40,328	(29,129)	(3,991)
Write-offs	(68,235)	(22,981)	(27,740)	(3,800)
Balance at the end of the year	130,148	147,495	90,626	12,416

6. PREPAYMENTS AND OTHER ASSETS

The current and non-current portions of prepayments and other assets consist of the following:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Current portion:			
Contract assets (i)	1,598,059	1,203,612	164,894
VAT prepayments	430,902	355,307	48,677
Prepaid licensed copyrights	19,406	37,326	5,114
Receivables from online payment agencies	534,720	451,174	61,811
Advances to suppliers	111,770	43,291	5,931
Others (ii)	99,402	102,218	14,003
	2,794,259	2,192,928	300,430

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Non-current portion:			
Prepaid licensed copyrights	2,382,540	2,288,526	313,527
Licensed copyrights prepaid assets (iii)	237,030	495,842	67,930
Long-term restricted cash (iv)	839,963	60,652	8,309
Others (ii)	58,677	68,899	9,439
	3,518,210	2,913,919	399,205

(i) The allowance for credit losses on contract assets was RMB17,832 and RMB32,614 (US$4,468) as of December 31, 2023 and 2024, respectively. The reversals charged against the allowance was RMB2,311 for the year ended December 31, 2022. The provision charged against the allowance were RMB5,423 and RMB14,782 (US$2,025) for the years ended December 31, 2023 and 2024, respectively. No write-offs were charged against the allowance for the years ended December 31, 2022, 2023 and 2024.

(ii) The allowance for credit losses on other current and non-current assets were RMB85,965 and RMB82,511 (US$11,304) as of December 31, 2023 and 2024, respectively. The provisions charged against the allowance were RMB57,115 for the year ended December 31, 2022. The reversals charged against the allowance were RMB31,150 and RMB3,454 (US$473) for the years ended December 31, 2023 and 2024, respectively. The write-offs charged against the allowance were RMB16,688, RMB16,529 and nil for the years ended December 31, 2022, 2023 and 2024, respectively.

(iii) Licensed copyrights prepaid assets are recognized when the Group has yet to receive the content copyrights from the counterparty under nonmonetary exchanges but the counterparty has already received the content copyrights from the Group.

(iv) Long-term restricted cash mainly represents collateral to repayments of PAG Notes (Note 14).

7. LICENSED COPYRIGHTS, NET

	As of December 31, 2023			
	Gross carrying value	Accumulated amortization	Impairment amount	Net carrying value
	RMB	RMB	RMB	RMB
Licensed copyrights				
—Broadcasting rights	44,838,191	(37,060,309)	(228,853)	7,549,029
—Sublicensing rights	7,667,525	(7,667,525)	—	—
	52,505,716	(44,727,834)	(228,853)	7,549,029
Less: current portion				
—Broadcasting rights	7,773,805	(7,177,844)	(13,440)	582,521
—Sublicensing rights	7,667,525	(7,667,525)	—	—
	15,441,330	(14,845,369)	(13,440)	582,521
Licensed copyrights—non-current				
—Broadcasting rights	37,064,386	(29,882,465)	(215,413)	6,966,508
—Sublicensing rights	—	—	—	—
	37,064,386	(29,882,465)	(215,413)	6,966,508

	As of December 31, 2024				
	Gross carrying value	Accumulated amortization	Impairment amount	Net carrying value	
	RMB	RMB	RMB	RMB	US$
Licensed copyrights					
—Broadcasting rights	46,578,345	(39,058,192)	(201,382)	7,318,771	1,002,667
—Sublicensing rights	8,338,409	(8,338,409)	—	—	—
	54,916,754	(47,396,601)	(201,382)	7,318,771	1,002,667
Less: current portion					
—Broadcasting rights	7,600,279	(7,202,541)	(9,020)	388,718	53,254
—Sublicensing rights	8,338,409	(8,338,409)	—	—	—
	15,938,688	(15,540,950)	(9,020)	388,718	53,254
Licensed copyrights—non-current					
—Broadcasting rights	38,978,066	(31,855,651)	(192,362)	6,930,053	949,413
—Sublicensing rights	—	—	—	—	—
	38,978,066	(31,855,651)	(192,362)	6,930,053	949,413

Amortization expense of RMB7,780,928, RMB7,087,769 and RMB7,488,646 (US$1,025,940) was recognized as cost of revenues for the years ended December 31, 2022, 2023 and 2024, respectively.

Estimated amortization expense relating to the existing licensed copyrights for each of the next three years is as follows:

	RMB	US$
Within 1 year	2,883,428	395,028
Between 1 and 2 years	1,595,092	218,527
Between 2 and 3 years	1,032,611	141,467

8. INTANGIBLE ASSETS, NET

Finite-lived intangible assets

	As of December 31, 2023		
	Gross carrying value	Accumulated amortization and impairment	Net carrying value
	RMB	RMB	RMB
Intellectual property rights (i)	510,697	(328,218)	182,479
Published mobile games	396,888	(396,888)	—
Trademarks	165,262	(123,378)	41,884
Online literature	116,837	(92,751)	24,086
Domain names	185,558	(130,956)	54,602
Technology	101,000	(101,000)	—
Others	16,829	(10,346)	6,483
	1,493,071	(1,183,537)	309,534

	As of December 31, 2024			
	Gross carrying value	Accumulated amortization and impairment	Net carrying value	Net carrying value
	RMB	RMB	RMB	US$
Intellectual property rights (i)	545,324	(352,689)	192,635	26,391
Published mobile games	305,980	(305,980)	—	—
Trademarks	165,262	(127,580)	37,682	5,162
Online literature	46,008	(39,057)	6,951	952
Domain names	185,558	(138,134)	47,424	6,497
Technology	101,000	(101,000)	—	—
Others	16,829	(11,660)	5,169	709
	1,365,961	(1,076,100)	289,861	39,711

(i) Intellectual property rights include various rights the Company acquired either individually or in a bundle to broadcast, operate, publish, translate, distribute and/or adapt various forms of media, including but not limited to online games, literature and films.

Amortization expense was RMB177,019, RMB179,380 and RMB95,595 (US$13,096) for the years ended December 31, 2022, 2023 and 2024, respectively. Estimated amortization expense relating to the existing intangible assets for each of the next five years is as follows:

	RMB	US$
Within 1 year	80,938	11,088
Between 1 and 2 years	62,296	8,535
Between 2 and 3 years	52,970	7,257
Between 3 and 4 years	45,190	6,191
Between 4 and 5 years	29,694	4,068

9. PRODUCED CONTENT, NET

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Released, less amortization and impairment			
— Predominantly monetized with other contents	4,444,887	5,113,933	700,606
— Predominantly monetized on its own	61,516	20,508	2,810
	4,506,403	5,134,441	703,416
In production, less impairment			
— Predominantly monetized with other contents	7,630,099	8,108,506	1,110,861
— Predominantly monetized on its own	244,787	255,380	34,987
	7,874,886	8,363,886	1,145,848
In development, less impairment			
— Predominantly monetized with other contents	946,586	1,160,622	159,005
— Predominantly monetized on its own	49,110	48,920	6,701
	995,696	1,209,542	165,706
	13,376,985	14,707,869	2,014,970

Amortization expense for produced content predominantly monetized with other content assets of RMB4,556,960, RMB5,207,542, RMB5,253,938 (US$719,787) and for produced content predominantly monetized on its own of RMB735,169, RMB1,088,244, RMB543,712 (US$74,488) was recognized as "Cost of revenues" in the consolidated statements of comprehensive (loss)/income for the years ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2024, approximately RMB307,632 (US$42,145) of accrued participation cost liabilities will be paid during the upcoming operating cycle.

Estimated amortization expense relating to the existing produced content for each of the next three years is as follows:

	RMB	US$
Within 1 year	1,585,798	217,253
Between 1 and 2 years	849,132	116,331
Between 2 and 3 years	654,746	89,700

10. GOODWILL

The Company has one reporting unit and the changes in the carrying amount of goodwill from 2023 to 2024 was as follows:

	2023	2024	2024
	RMB	RMB	US$
Balance as of January 1	3,826,147	3,820,823	523,451
Disposal of subsidiaries or business	(5,324)	—	—
Balance as of December 31	3,820,823	3,820,823	523,451

The fair value of the Group exceeded its carrying value as of December 31, 2023 and 2024, respectively, and therefore the Group's goodwill was not impaired.

11. FIXED ASSETS, NET

Fixed assets consist of the following:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Computer equipment	1,651,836	1,380,891	189,181
Office building	588,685	588,685	80,650
Leasehold improvements	164,556	187,560	25,696
Office furniture and equipment	148,268	139,756	19,146
Others	23,226	22,351	3,062
	2,576,571	2,319,243	317,735
Less: Accumulated depreciation	(1,736,299)	(1,542,249)	(211,287)
Construction in progress	23,541	100,988	13,835
	863,813	877,982	120,283

Depreciation expense was RMB337,423, RMB275,155 and RMB147,946 (US$20,269) for the years ended December 31, 2022, 2023 and 2024, respectively.

12. LEASES

The Group's operating leases mainly related to office facilities, land use rights and IDC facilities.

As of December 31, 2023 and 2024, the weighted average remaining lease term for the Group's operating leases were 8.3 years and 7.5 years, respectively, and the corresponding weighted average discount rates were 5.58% and 5.57%, respectively. As of

December 31, 2023, the weighted average remaining lease term for the Group's finance leases were 0.7 years and the corresponding weighted average discount rates were 5.50%.

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Finance lease			
Computer equipment	118,997	118,997	16,303
Accumulated depreciation	(69,040)	(84,088)	(11,520)
Computer equipment, net	49,957	34,909	4,783
Finance lease liabilities, current portion	18,586	—	—
Finance lease liabilities	—	—	—
Total finance lease liabilities	18,586	—	—

The components of lease costs were as follows:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Operating lease costs[(i)]	155,408	117,641	108,943	14,925
Finance lease costs				
Amortization of finance lease assets	22,912	22,912	15,048	2,062
Interest on lease liabilities	3,463	1,761	419	57
Total finance lease costs	26,375	24,673	15,467	2,119

(i) Excludes short-term lease contract costs of RMB310 million, RMB274 million and RMB218 million (US$30 million) for the years ended December 31, 2022, 2023 and 2024, respectively.

Finance lease costs were recorded as cost of revenues and interest expenses. Variable lease costs were immaterial for the years ended December 31, 2022, 2023 and 2024. For the years ended December 31, 2022, 2023 and 2024, no lease costs for operating and finance leases were capitalized.

Cash paid for amounts included in the measurement of lease liabilities:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Operating cash payments for operating leases	129,803	110,206	102,214	14,003
Operating cash payments for finance leases	3,872	2,878	749	103
Financing cash payments for finance leases	38,132	27,666	18,256	2,501

Lease assets obtained in exchange for lease obligations:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Operating leases	6,868	91,025	10,296	1,411
Finance leases	—	—	—	—

Future lease payments under lease liabilities as of December 31, 2024 were as follows:

	Operating leases	
	RMB	US$
Year ending December 31,		
2025	98,666	13,517
2026	93,591	12,822
2027	89,125	12,210
2028	85,931	11,772
2029	73,016	10,003
Thereafter	239,986	32,878
Total future lease payments	680,315	93,202
Less: Imputed interest	(121,666)	(16,668)
Total lease liability balance	558,649	76,534

13. LOANS PAYABLE

Short-term Loans

Short-term loans as of December 31, 2023 and 2024 amounted to RMB3,571,637 and RMB3,786,901 (US$518,803), respectively, which primarily consisted of secured RMB denominated borrowings from financial institutions in the PRC that are repayable within one year. As of December 31, 2023, the repayments of primarily all of the short-term loans are guaranteed by subsidiaries within the Group and collateralized by an office building of one of the Group's VIEs with a carrying amount of RMB509,348, which was released from collateral in December 2024. As of December 31, 2024, the repayments of primarily all of the short-term loans are guaranteed by subsidiaries within the Group.

Structured payable arrangements

In 2022, 2023 and 2024, the Group entered into structured payable arrangements with banks or other financial institutions ("factoring arrangements"). Under the factoring arrangements, the suppliers' receivables collection process was accelerated through selling its receivables from the Group to the banks or other financial institutions at a discount. For the years ended December 31, 2022, 2023 and 2024, the Group was legally obligated to pay the banks or other financial institutions in the amount totaling RMB1,497,423, RMB1,771,139 and RMB1,119,193 (US$153,329), respectively, which will mature within one year.

As a result of the factoring arrangements, the payment terms of the Group's original accounts payables were substantially modified and considered extinguished as the nature of the original liability has changed from accounts payables to loan borrowings from banks or other financial institutions. The proceeds from borrowings from banks or other financial institutions is a financing activity and is reported as "Proceeds from short-term loans" on the consolidated statements of cash flows. As of December 31, 2023 and 2024, the outstanding borrowings from the factoring arrangements were RMB1,055,806 and RMB717,945 (US$98,358), respectively, which are repayable within one year and are included in "Short-term loans" on the consolidated balance sheets.

The weighted average interest rate for all of the outstanding short-term borrowings mentioned above as of December 31, 2023 and 2024 was 3.95% and 2.89%, respectively. As of December 31, 2023 and 2024, the aggregate amounts of unused lines of credit for short-term loans were RMB2,176,120 and RMB2,744,078 (US$375,937), respectively.

Long-term Loans

As of December 31, 2023 and 2024, the outstanding long-term loans were RMB99,990 and RMB1,204,822 (US$165,060), respectively, which primarily consisted of secured RMB denominated borrowings from financial institutions in the PRC. The repayments are guaranteed by subsidiaries within the Group and collateralized by the land use right of one of the Group's subsidiaries with a carrying amount of RMB43,438 (US$5,951) as of December 31, 2024. The principal of primarily all of the long-term loans will be repaid within three years and the amount repayable within the next twelve months are classified as "Long-term loans, current portion".

The weighted average interest rate for all of the outstanding long-term borrowings as of December 31, 2023 and 2024 was 4.30% and 3.58%, respectively. As of December 31, 2024, the aggregate amounts of unused lines of credit for long-term loans were RMB532,678 (US$72,977).

14. CONVERTIBLE SENIOR NOTES

2025 Convertible Senior Notes

On March 29, 2019, the Company issued US$1,200 million convertible senior notes (the "2025 Notes"). The 2025 Notes are senior, unsecured obligations of the Company, and interest is payable semi-annually in cash at a rate of 2.00% per annum on October 1 and April 1 of each year, beginning on October 1, 2019. The 2025 Notes will mature on April 1, 2025 unless redeemed, repurchased or converted prior to such date.

The initial conversion rate of the 2025 Notes is 33.0003 of the Company's ADS per US$1,000 principal amount of the 2025 Notes (which is equivalent to an initial conversion price of approximately US$30.30 per ADS). Prior to October 1, 2024, the 2025 Notes will be convertible at the option of the holders only upon the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2019, if the last reported sale price of ADSs for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price; (2) during the five business day period after any ten consecutive trading day period in which the trading price per US$1,000 principal amount of notes was less than 98% of the product of the last reported sale price of the ADSs and the conversion rate on each such trading day; (3) if the Company calls the notes for a tax redemption; or (4) upon the occurrence of specified corporate events. Thereafter, the 2025 Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate is subject to adjustment in some events but is not adjusted for any accrued and unpaid interest. In addition, following a make-whole fundamental change that occurs prior to the maturity date or following the Company's delivery of a notice of a tax redemption, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event or such tax redemption. Upon conversion, the Company will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at its election.

The holders may require the Company to repurchase all or a portion of the 2025 Notes for cash on April 1, 2023, or upon a fundamental change, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

In connection with the issuance of the 2025 Notes, the Company purchased capped call options (the "2025 Capped Call") on the Company's ADS with certain counterparties at a price of US$84.5 million. The counterparties agreed to sell to the Company up to approximately 39.6 million of the Company's ADSs upon the Company's exercise of the 2025 Capped Call. The exercise price is equal to the 2025 Notes' initial conversion price and the cap price is US$40.02 per ADS, subject to certain adjustments under the terms of the capped call transactions. The capped call transactions are expected to reduce potential dilution to existing holders of the ordinary shares and ADSs of the Company upon conversion of the 2025 Notes and/or offset any potential cash payments that the Company is required to make in excess of the principal amount of any converted notes, as the case may be, with such reduction and/or offset subject to a cap.

2026 Convertible Senior Notes

On December 21, 2020, the Company issued US$800 million convertible senior notes and offered an additional US$100 million principal amount simultaneously, pursuant to the underwriters' option to purchase additional notes. On January 8, 2021, the additional US$100 million principal amount was issued pursuant to the underwriters' exercise of their option. The convertible senior notes issued on December 21, 2020 and January 8, 2021 (collectively referred to as the "2026 Notes") are senior, unsecured obligations of the Company, and interest is payable semi-annually in cash at a rate of 4.00% per annum on June 15 and December 15 of each year, beginning on June 15, 2021. The 2026 Notes will mature on December 15, 2026 unless redeemed, repurchased or converted prior to such date.

The initial conversion rate of the 2026 Notes is 44.8179 of the Company's ADS per US$1,000 principal amount of the 2026 Notes (which is equivalent to an initial conversion price of approximately US$22.31 per ADS). Prior to June 15, 2026, the 2026 Notes will be convertible at the option of the holders only upon the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2021, if the last reported sale price of ADSs for at least 20 trading days (whether or not

consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price; (2) during the five business day period after any ten consecutive trading day period in which the trading price per US$1,000 principal amount of notes was less than 98% of the product of the last reported sale price of the ADSs and the conversion rate on each such trading day; (3) if the Company calls the notes for a tax redemption; or (4) upon the occurrence of specified corporate events. Thereafter, the 2026 Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate is subject to adjustment in some events but is not adjusted for any accrued and unpaid interest. In addition, following a make-whole fundamental change that occurs prior to the maturity date or following the Company's delivery of a notice of a tax redemption, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event or such tax redemption. Upon conversion, the Company will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at its election.

The holders may require the Company to repurchase all or a portion of the 2026 Notes for cash on August 1, 2024, or upon a fundamental change, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

PAG Convertible Senior Notes

On December 30, 2022, the Company issued US$500 million convertible senior notes, pursuant to the definitive agreements entered into with PAGAC IV-1 (Cayman) Limited, PAG Pegasus Fund LP and/or their affiliates (collectively, the "Investors") in August 2022. The Company also offered an additional US$50 million principal amount simultaneously, pursuant to the Investors' option to purchase additional notes. On February 24, 2023, the additional US$50 million principal amount was issued pursuant to the Investors' exercise of their option. The convertible senior notes issued on December 30, 2022 and February 24, 2023 (collectively referred to as the "PAG Notes") are senior, secured obligations of the Company by certain collateral arrangements, and interest is payable quarterly in cash at a rate of 6.00% per annum on January 1, April 1, July 1 and October 1 of each year, beginning on April 1, 2023. The PAG Notes will mature on the fifth anniversary of the issuance date unless redeemed, repurchased or converted prior to such date.

The PAG Notes will be convertible at the holder's option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date and subject to the terms of the PAG Notes, at an initial conversion rate of 216.9668 ADS per US$ 1,000 principal amount of the PAG Notes (which is equivalent to an initial conversion price of approximately US$4.61 per ADS). Following a make-whole fundamental change that occurs prior to the maturity date, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such make-whole fundamental change.

Holders of the PAG Notes have the right to require the Company to repurchase for cash all or part of their Notes, at a repurchase price equal to 120% and 130% of the principal amount of the PAG Notes on or shortly after the third anniversary of the issuance date and the fifth anniversary of the issuance date, respectively. Upon the closing of the transaction, the Investors have appointed the executive chairman of PAG, as a member to the board of directors, a member of the compensation committee and a non-voting member of the audit committee of the Company pursuant to their rights in the definitive agreements. As a result, the Investors are considered related parties since then (Note 22). For the years ended December 31, 2023 and 2024, the amount of interest cost recognized of the PAG Notes was RMB472,756 and RMB486,940 (US$66,711). The repayments of PAG Notes are guaranteed by equity interests of certain subsidiaries within the Group and collateralized by partial cash consideration related to certain contracts for which RMB54,532 (US$7,471) cash consideration has been charged as of December 31, 2024 and recorded as long-term restricted cash (Note 6).

2028 Convertible Senior Notes

On March 7, 2023, the Company issued US$600 million convertible senior notes (the "2028 Notes"). The 2028 Notes are senior, unsecured obligations of the Company, and interest is payable quarterly in cash at a rate of 6.50% per annum on March 15, June 15 September 15 and December 15 of each year, beginning on June 15, 2023. The 2028 Notes will mature on March 15, 2028 unless redeemed, repurchased or converted prior to such date.

The initial conversion rate of the 2028 Notes is 101.4636 of the Company's ADS per US$1,000 principal amount of the 2028 Notes (which is equivalent to an initial conversion price of approximately US$9.86 per ADS). Prior to September 15, 2027, the 2028 Notes will be convertible at the option of the holders only upon the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2023 (and only during such calendar quarter), if the last reported sale price of ADSs for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and

including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price; (2) during the five business day period after any ten consecutive trading day period in which the trading price per US$1,000 principal amount of notes was less than 98% of the product of the last reported sale price of the ADSs and the conversion rate on each such trading day; (3) if the Company calls the notes for a tax redemption or an optional redemption; or (4) upon the occurrence of specified corporate events. Thereafter, the 2028 Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate is subject to adjustment in some events but is not adjusted for any accrued and unpaid interest. In addition, following a make-whole fundamental change that occurs prior to the maturity date or following the Company's delivery of a notice of a tax redemption, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event or such tax redemption. Upon conversion, the Company will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at its election.

The holders may require the Company to repurchase all or a portion of the 2028 Notes for cash on March 16, 2026, or upon a fundamental change, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest. On or after March 20, 2026, the Company may redeem for cash all or part of the 2028 Notes, at its option, if the last reported sale price of the ADSs has been at least 130% of the conversion price then in effect on (i) each of at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the trading day immediately prior to the date the Company provides the optional redemption notice and (ii) the trading day immediately preceding the date the Company provides the optional redemption notice.

If any event of default are to take place, the trustee or the holders of at least 25% in aggregate principal amount may declare the whole principal of (or, in the case of the PAG Notes, 120% or 130% of the principal amount for such notes, as the case may be, depending on the date of occurrence of the event of default), and accrued and unpaid interest on, all the outstanding convertible senior notes to be due and payable immediately, subject to certain exceptions and conditions under the respective indenture. The Company may also be required to pay additional interest. If any fundamental change are to take place, holders of the notes will have the right, at their option, to require the Company to repurchase all of their notes or any portion of the principal amount (or, in the case of the PAG Notes, 120% or 130% of the principal amount for such notes, as the case may be, depending on the date of occurrence of the fundamental change), and accrued and unpaid interests. In the event of a fundamental change, the Company may also be required to issue additional ADSs upon conversion of its convertible notes. As of December 31, 2024, there was no such event of default or fundamental change.

Accounting for Convertible Senior Notes

As the 2025 Notes, the 2026 Notes, the 2028 Notes and the PAG Notes (collectively as the "Notes") were not issued at a substantial premium, all of the proceeds received from the issuance of the Notes are recorded as a liability on the consolidated balance sheet in accordance with ASC 470-20. That is, no portion of the proceeds from issuing the Notes are attributed to the conversion option at inception. The difference between the principal amount of each of the Notes and net proceeds from the issuance is considered debt discount and is amortized at their respective effective interest rates to accrete the carrying value of the Notes to its face value (120% or 130% of the principal amount for PAG Notes) on the respective put dates or maturity dates of the Notes. For the year ended December 31, 2024, the effective interest rates of the PAG Notes and the 2028 Notes were 10.20% and 7.15%, respectively.

The cost of the 2025 Capped Call of US$84.5 million was recorded as a reduction of the Company's additional paid-in capital on the consolidated balance sheets with no subsequent changes in fair value recorded.

In 2023, the net proceeds from the issuance of the 2028 Notes was US$589.5 million, after deducting underwriting discounts and offering expenses of US$10.5 million from the initial proceeds of US$600 million.

In accordance with the facility agreements entered into in August 2024 (Note 22), upon PAG's total drawdown of US$400.0 million in August 2024, PAG's repurchase right for the US$522.5 million principal of the PAG Notes on or shortly after the third anniversary of the issuance date was waived. It was accounted for as a debt modification pursuant to ASC 470-50, *Debt—Modifications and Extinguishment* ("ASC 470-50"), resulting in the effective interest rates of the PAG Notes held by PAG decreased from 12.05% to 10.20%.

In 2023 and 2024, the Company repurchased the 2025 Notes and the 2026 Notes with aggregate principal amount of US$1,197.6 million and US$395.5 million (equivalent to RMB2,886.5 million), respectively, as requested by the holders. As of December 31, 2024, the Company repurchased the 2026 Notes and the 2028 Notes with the aggregate principal amount of US$504.4 million and US$34.4 million, respectively, upon separate and individually privately negotiated agreements with certain holders. Following settlement of the repurchase, a difference between the net carrying amount of the repurchased notes and the repurchased price was recognized as extinguishment gain and reported in "Others, net" in the consolidated statements of comprehensive (loss)/income.

The carrying amount of the Notes as of December 31, 2023 and 2024 were as follows:

	As of December 31, 2023	As of December 31, 2024	
	RMB	RMB	US$
Principal	10,801,658	8,161,394	1,118,106
Less: unamortized discount and debt issuance costs	(144,778)	(431,636)	(59,134)
Net carrying amount	10,946,436	8,593,030	1,177,240

For the years ended December 31, 2022, 2023 and 2024, the amounts of interest cost recognized were as follows:

	For the years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Contractual interest expense	404,120	644,143	571,193	78,253
Amortization of the discount and issuance costs	65,475	292,238	278,243	38,119
Total	469,595	936,381	849,436	116,372

As of December 31, 2024, the PAG Notes will be accreted up to the principal amount of US$679.3 million (130% of the principal amount of PAG Notes held by PAG) and US$33.0 million (120% of the remaining principal amount of PAG Notes) over a remaining period of 3 years and 1 year, respectively, and the 2028 Notes will be accreted up to the principal amount of US$565.6 million over a remaining period of 1.21 years. The amount repayable within the next twelve months are classified as "Convertible senior notes, current portion" on the consolidated balance sheets.

The aggregate amounts upon scheduled maturities of US$2.4 million, US$0.1 million and US$1,280.6 million (equivalent to RMB17.3 million, RMB1.1 million and RMB9,347.5 million, respectively) of the Notes will be repaid when they become due in 2025, 2026 and 2028, respectively, assuming there is no conversion of the Notes, no redemption of the Notes prior to their maturities, the convertible senior notes holders hold the Notes until their maturities and the Company elects to fully settle the Notes in cash.

15. INCOME TAXES

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

Under the Hong Kong tax laws, subsidiaries in Hong Kong are subject to the Hong Kong profits tax rate at 16.5% and they are generally be exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

Singapore

Under the Singapore tax laws, subsidiaries in Singapore are subject to a unified 17% tax rate, except for certain entities that are entitled to preferential tax treatments, and there are no withholding taxes in Singapore on remittance of dividends.

Mainland China

Effective from January 1, 2008, the statutory Enterprise Income Tax ("EIT") rate in Mainland China is 25%. In accordance with the implementation rules of EIT Law, a qualified "High and New Technology Enterprise" ("HNTE") is eligible for a preferential tax rate of 15% with HNTE certificate effective for a period of three years. An entity must file required supporting documents with the tax authority and ensure fulfillment of the relevant HNTE criteria before using the preferential rate. An entity could re-apply for the HNTE certificate when the prior certificate expires.

Certain PRC subsidiaries and VIEs, including Beijing QIYI Century, Shanghai Zhong Yuan and Beijing iQIYI are qualified HNTEs and enjoy a reduced tax rate of 15% for the years presented, which will expire in 2025 or 2027.

The other subsidiaries and consolidated VIEs and VIE's subsidiaries in Mainland China are subject to the 25% EIT rate.

According to the current EIT Law and its implementation rules, foreign enterprises, which have no establishment or place in Mainland China but derive dividends, interest, rents, royalties and other income (including capital gains) from sources in Mainland China or which has an establishment or place in Mainland China but the aforementioned incomes are not connected with the establishment or place shall be subject to withholding tax ("WHT") at 10% (a further reduced WHT rate may be available according to the applicable double tax treaty or arrangement provided that the foreign enterprise is the tax resident of the jurisdiction where it is located and it is the beneficial owner of the dividends, interest and royalties income).

The Group's (loss) /income before income taxes consists of:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Non-Mainland China	(505,068)	(366,657)	(445,424)	(61,023)
Mainland China	471,292	2,399,258	1,297,103	177,702
	(33,776)	2,032,601	851,679	116,679

Income tax expense for the years ended December 31, 2022, 2023 and 2024 consists of:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Current income tax expense	53,944	81,055	85,450	11,706
Deferred income tax expense/(benefit)	30,056	(1,008)	(24,360)	(3,337)
	84,000	80,047	61,090	8,369

The reconciliation of total tax expense computed by applying the respective statutory income tax rate to pre-tax loss or income is as follows:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Income tax (benefit)/expense at PRC statutory rate	(8,444)	508,150	212,920	29,170
Effect of differing tax rates in different jurisdictions	184,999	98,963	139,126	19,060
Non-deductible expenses and non-taxable income, net	(119,094)	119,442	33,714	4,619
Research and development super-deduction	(115,975)	(141,454)	(140,153)	(19,201)
Effect of PRC preferential tax rates	23,564	(169,264)	(111,365)	(15,257)
Other adjustments	(41,940)	14,692	8,962	1,228
Change in valuation allowance	160,890	(350,482)	(82,114)	(11,250)
Income tax expense	84,000	80,047	61,090	8,369

The tax effects of temporary differences that give rise to the deferred tax balances at December 31, 2023 and 2024 are as follows:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Deferred tax assets:			
Accrued expenses and others	545,144	620,639	85,027
Bad debt provision	75,942	69,182	9,478
Net operating losses carried forward	1,565,134	1,561,051	213,863
Recorded cost relating to capitalized assets	3,527,191	3,406,425	466,678
Operating lease liabilities	94,062	81,807	11,208
Fixed assets depreciation	13,578	11,836	1,621
Valuation allowance	(5,686,869)	(5,604,755)	(767,848)
Deferred tax assets, net	134,182	146,185	20,027
Deferred tax liabilities:			
Long term investment fair value change	40,944	40,842	5,595
Operating lease assets	94,062	81,807	11,208
	135,006	122,649	16,803

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Classification in the consolidated balance sheets:			
Deferred tax assets, net	—	23,536	3,224
Deferred tax liabilities	824	—	—

Valuation allowances have been provided on the net deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods.

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, 2023 and 2024, 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, 2023 and 2024, the Group had tax losses of RMB9,992,905 and RMB9,748,495 (US$1,335,538) deriving from entities in Mainland China, Hong Kong and Singapore. The tax losses in the Mainland China can be carried forward for five years to offset future taxable income and the period was extended to ten years for entities qualified as HNTE in 2024 and thereafter. The tax losses in Hong Kong and Singapore can be carried forward without an expiration date.

The Group did not record any dividend withholding tax, as there were no taxable outside basis differences noted as of the end of the periods presented. As of and for the years ended December 31, 2022, 2023 and 2024, there was no significant impact from tax uncertainties on the Group's financial position and result of operations. And the Group did not record any interest and penalties related to an uncertain tax position for each of the years ended December 31, 2022, 2023 and 2024. The Group does not expect the amount of unrecognized tax benefits would increase significantly in the next 12 months.

16. EMPLOYEE DEFINED CONTRIBUTION PLAN

Full-time employees of the Company's subsidiaries, VIEs and VIE's subsidiaries in the PRC participate in a government mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the subsidiaries, VIEs and VIE's subsidiaries of the Company make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amount for such employee benefits which are expensed as incurred were RMB482,988, RMB482,083 and RMB441,682 (US$60,510) for the years ended December 31, 2022, 2023 and 2024, respectively.

17. COMMITMENTS AND CONTINGENCIES

Commitments for property management fees

Future minimum payments under non-cancelable agreements for property management fees consist of the following as of December 31, 2024:

Commitments for property management fees	RMB	US$
2025	5,987	820
2026	5,619	770
2027	4,810	659
2028	4,613	632
2029 and thereafter	17,941	2,458
	38,970	5,339

Commitments for Licensed Copyrights and Produced Content

Future minimum payments under non-cancelable agreements for licensed copyrights and produced content consist of the following as of December 31, 2024:

Commitments for Licensed Copyrights and Produced Content	RMB	US$
2025	9,275,101	1,270,684
2026	4,899,775	671,266
2027	2,256,150	309,091
2028	1,355,071	185,644
2029 and thereafter	497,584	68,169
	18,283,681	2,504,854

Capital commitment

Future minimum payments under non-cancelable agreements for the purchase of fixed assets consist of the following as of December 31, 2024:

Capital commitment	RMB	US$
2025	23,695	3,246
2026	19,330	2,648
2027	18,520	2,537
2028	17,590	2,410
2029 and thereafter	15,203	2,083
	94,338	12,924

Litigation, claims and assessments

The Group is involved in a number of claims pending in various courts, in arbitration, or otherwise unresolved as of December 31, 2024. These claims are substantially related to alleged copyright infringement as well as routine and incidental matters to its business, with certain restricted deposits used as security against certain lawsuits, among others. Adverse results in these claims may include awards of damages and may also result in, or even compel, a change in the Group's business practices, which could impact the Group's future financial results. The Group has accrued RMB38,605 and RMB14,529 (US$1,990) in "Accrued expenses" in the consolidated balance sheets as of December 31, 2023 and 2024.

Starting in April 2020, the Group and certain of its current and former officers and directors were named as defendants in several putative securities class actions filed in federal court, which were purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in the Group's public disclosure documents. In May 2021, these actions were consolidated under one case. In June 2021, lead plaintiffs filed the operative amended complaint. In July 2021, defendants filed motion to dismiss the case. Briefing on the motion to dismiss was completed on September 29, 2021. However, in light of the common questions of law and fact at issue in this case and a related action against Baidu, the Court terminated the motion to dismiss without prejudice and ordered a motion-to-dismiss briefing for the two cases under a new coordinated briefing schedule. In September 2024, the court granted defendant's motion to dismiss in its entirety with prejudice, and the case was closed. As a result, as of December 31, 2024, the Group did not record any liabilities for the loss contingencies pertaining to the cases described above.

The Group is unable to estimate the reasonably possible loss or a range of reasonably possible losses for proceedings in the early stages or where there is a lack of clear or consistent interpretation of laws specific to the industry-specific complaints among different jurisdictions. Although the results of unsettled litigations and claims cannot be predicted with certainty, the Group does not believe that, as of December 31, 2024, there was at least a reasonable possibility that the Group may have incurred a material loss, or a material loss in excess of the accrued expenses, with respect to such loss contingencies. The losses accrued include judgments made by the court and out-of-court settlements after December 31, 2024, but related to cases arising on or before December 31, 2024. The Group is in the process of appealing certain judgments for which losses have been accrued.

18. ORDINARY SHARES

The authorized share capital of the Company was 100,000,000,000 shares comprising of (i) 94,000,000,000 Class A ordinary shares; (ii) 5,000,000,000 Class B ordinary shares; and (iii)1,000,000,000 reserved shares at par value of US$0.00001 per share. The rights of the holders of Class A and Class B ordinary shares are identical, except with respect to voting and conversion rights. Each share of Class A ordinary shares is entitled to one vote per share and is not convertible into Class B ordinary shares under any circumstances. Each share of Class B ordinary shares is entitled to ten votes per share and is convertible into one Class A ordinary share at any time by the holder thereof. Upon any transfer of Class B ordinary shares by the holder thereof to any person or entity that is not an affiliate of such holder, such Class B ordinary shares would be automatically converted into an equal number of Class A ordinary shares.

On October 27, 2022, 971,042 Class A ordinary shares were issued to certain key employees in relation to the acquisition of Skymoons Inc, Chengdu Skymoons Digital Entertainment Co., Ltd. and their subsidiaries.

164,705,882 Class B ordinary shares and 304,705,874 Class A ordinary shares were issued in March 2022 pursuant to the subscription agreements with Baidu and a consortium of financial investors, respectively.

535,500,000 Class A ordinary shares (76,500,000 ADS equivalent) were issued on January 19, 2023 and 69,825,000 Class A ordinary shares (9,975,000 ADS equivalent) were issued on January 26, 2023 pursuant to the underwriters' partial exercise of their option to purchase additional ADSs.

As of December 31, 2024, there were 3,698,793,887 and 3,041,097,278 Class A and Class B ordinary shares outstanding, and 155,790,793 Class A ordinary shares are deemed issued but not outstanding as they have not been transferred to grantees.

19. PROFIT APPROPRIATION AND RESTRICTED NET ASSETS

The Company's subsidiaries, VIEs and the VIEs' subsidiaries in China are required to make appropriations to certain non-distributable reserve funds. In accordance with the laws applicable to China's WFOE, its subsidiaries have to make appropriations from its after-tax profit (as determined under Generally Accepted Accounting Principles in the PRC ("PRC GAAP") to non-distributable reserve funds including (i) general reserve fund, (ii) enterprise expansion fund, and (iii) staff bonus and welfare fund. General reserve fund is at least 10% of the after-tax profits calculated in accordance with PRC GAAP.

Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the respective company. The appropriations of the enterprise expansion fund and staff bonus and welfare fund are at the Company's discretion. At the same time, the Company's VIEs, in accordance with the China Company Laws, must make appropriations from its after-tax profit (as determined under PRC GAAP) to non-distributable reserve funds including (i) statutory surplus fund, and (ii) discretionary surplus fund. Statutory surplus fund is at least 10% of the after-tax profits calculated in accordance with PRC GAAP.

General reserve fund and statutory surplus fund are restricted for set off against losses, expansion of production and operation or increase in register capital of the respective company. These reserves are not transferable to the Company in the form of cash dividends, loans or advances. These reserves are therefore not available for distribution except in liquidation.

As of December 31, 2023 and 2024, the Company's PRC subsidiaries, VIEs and VIEs' subsidiaries had appropriated RMB 43,787 and RMB46,235 (US$6,334), respectively, in its statutory reserves.

Under the PRC laws and regulations, the subsidiaries, VIEs and the VIEs' subsidiaries incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Group either in the form of dividends, loans or advances of the combined and consolidated net assets as of December 31, 2024. Even though the Group currently does not require any such dividends, loans or advances from the PRC subsidiaries, VIEs and VIEs' subsidiaries for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries, VIEs and VIEs' subsidiaries due to changes in business conditions, to fund future acquisitions and development, or merely declare and pay dividends to or distribution to its shareholders. Amounts of net assets restricted include paid-in capital of the Company's PRC subsidiaries and the net assets of the VIEs and VIEs' subsidiaries in which the Company has no legal ownership, totaling RMB19,385,767 (US$2,655,839) as of December 31, 2024.

20. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is computed using the weighted average number of the ordinary shares outstanding during the period. Diluted (loss)/earnings per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period under the if-converted method and the treasury stock method. The effect of the convertible senior notes was excluded from the computation of diluted net (loss)/earnings per share for the years ended December 31, 2022, 2023 and 2024, as its effect would be anti-dilutive. The effect of share options was excluded from the computation of diluted net loss per share for the years ended December 31, 2022, as its effect would be anti-dilutive.

Basic and diluted (loss)/earnings per Class A and Class B ordinary share for the years ended December 31, 2022, 2023 and 2024 are calculated as follows:

	Year ended December 31,							
	2022		2023		2024		2024	
	Class A	Class B	Class A	Class B	Class A		Class B	
	RMB	RMB	RMB	RMB	RMB	US$	RMB	US$
(Loss)/earnings per share—basic:								
Numerator								
Net (loss)/income attributable to iQIYI, Inc.	(67,733)	(68,479)	1,048,303	877,166	418,801	57,376	345,258	47,300
Numerator used for basic (loss)/earnings per share	(67,733)	(68,479)	1,048,303	877,166	418,801	57,376	345,258	47,300
Denominator								
Weighted average number of ordinary shares outstanding	2,977,609,078	3,010,412,347	3,634,425,531	3,041,097,278	3,688,877,543	3,688,877,543	3,041,097,278	3,041,097,278
Denominator used for basic (loss)/earnings per share	2,977,609,078	3,010,412,347	3,634,425,531	3,041,097,278	3,688,877,543	3,688,877,543	3,041,097,278	3,041,097,278
(Loss)/earnings per share—basic	(0.02)	(0.02)	0.29	0.29	0.11	0.02	0.11	0.02
(Loss)/earnings per share—diluted:								
Numerator								
Allocation of net (loss)/income available to iQIYI, Inc.'s ordinary shareholders	(67,733)	(68,479)	1,067,342	858,127	422,331	57,859	341,728	46,817
Reallocation of net (loss)/income available to iQIYI, Inc.'s ordinary shareholders as a result of conversion of Class B to Class A shares	(68,479)	—	858,127	—	341,728	46,817	—	—
Numerator used for diluted (loss)/earnings per share	(136,212)	(68,479)	1,925,469	858,127	764,059	104,676	341,728	46,817
Denominator								
Weighted average number of ordinary shares outstanding	2,977,609,078	3,010,412,347	3,634,425,531	3,041,097,278	3,688,877,543	3,688,877,543	3,041,097,278	3,041,097,278
Conversion of Class B to Class A ordinary shares	3,010,412,347	—	3,041,097,278	—	3,041,097,278	3,041,097,278	—	—
Share-based awards	—	—	148,105,257	—	69,525,328	69,525,328	—	—
Denominator used for diluted (loss)/earnings per share	5,988,021,425	3,010,412,347	6,823,628,066	3,041,097,278	6,799,500,149	6,799,500,149	3,041,097,278	3,041,097,278
(Loss)/earnings per share—diluted	(0.02)	(0.02)	0.28	0.28	0.11	0.02	0.11	0.02

21. SHARE-BASED COMPENSATION

2010 Equity Incentive Plan

On October 18, 2010, the Company adopted its 2010 Equity Incentive Plan (the "2010 Plan"), which permits the grant of restricted shares, options and share appreciation rights to the employees, directors, officers and consultants of the Company. Under the plan, a total of 58,875,478 ordinary shares were initially reserved for issuance and subsequently increased to 589,729,714 ordinary shares. The 2010 Plan is valid and effective for an original term of ten years, and further extended to twenty years on September 15, 2020 commencing from its adoption. Except for service conditions, there were no other vesting conditions for all the awards under the 2010 Plan. Any unvested portion of the options will be forfeited upon the termination of the grantee's service for any reason. In the event the grantee's service is terminated for cause other than death or permanent disability, the vested portion of the options will expire upon 90 days following such termination.

The Company has granted share options under the 2010 Plan to its employees and directors. Options granted to employees and directors vest over a four-year period.

2021 Equity Incentive Plan

On December 2, 2021, the Company adopted its 2021 Equity Incentive Plan (the "2021 Plan"), which permits the grant of restricted shares units and options to the directors, employees, consultants and other individuals of the Company. Under the 2021 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards shall initially be 364,000,000 ordinary shares, provided that if restricted share units or options with US$0 exercise price are granted, each restricted share unit and option with US$0 exercise price (that entitles the holder to one ordinary share) granted shall reduce the number of ordinary shares under the 2021 Plan available for future grants by 1.3 ordinary shares. The 2021 Plan is valid and effective for a term of ten years commencing from its adoption. Except for service conditions, there were no other vesting conditions for all the awards under the 2021 Plan. Any unvested portion of the restricted shares units and options will be forfeited upon the termination of the grantee's service for any reason. In the

event the grantee's service is terminated for cause other than death or permanent disability, the vested portion of the options will be expired upon 90 days following such termination.

The Company has granted options under the 2021 Plan to its employees and directors. All options vest over a four-year period.

2024 Equity Incentive Plan

On May 8, 2024, the Company adopted its 2024 Equity Incentive Plan (the "2024 Plan"), which permits the grant of restricted shares units and options to the directors, employees, consultants and other individuals of the Company. Under the 2024 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards shall initially be 350,000,000 ordinary share. The 2024 Plan is valid and effective for a term of ten years commencing from its adoption. Except for service conditions, there were no other vesting conditions for all the awards under the 2024 Plan. Any unvested portion of the restricted shares units and options will be forfeited upon the termination of the grantee's service for any reason. In the event the grantee's service is terminated for cause other than death or permanent disability, the vested portion of the options will be expired upon 90 days following such termination. As of December 31, 2024, the Company has not granted any restricted share units or options under the 2024 Plan.

The following table sets forth the summary of option activity for the year ended December 31, 2024:

	Options Outstanding	Weighted Average Exercise Price (US$)	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (US$ in thousands)
Outstanding, December 31, 2023	532,286,814	0.31		
Granted (i)	80,139,500	0.01		
Forfeited/Expired	(10,216,305)	0.12		
Exercised	(23,754,087)	0.23		
Outstanding, December 31, 2024	578,455,922	0.28	6.45	72,872
Vested and expected to vest as of December 31, 2024	563,629,595	0.28	6.39	68,826
Exercisable as of December 31, 2024	368,205,208	0.40	5.42	18,652

(i) It consists a total of 79,229,500 options granted with an exercise price of US$0 each that will reduce the number of ordinary shares under the 2021 Plan available for future grants by 1.3 ordinary shares.

As of December 31, 2024, the unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested share options granted to the Group's employees and directors was RMB775,735 (US$103,535). Total unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.32 years and may be adjusted for future changes in estimated forfeitures.

The weighted average grant date fair value of the share options granted during the years ended December 31, 2022, 2023 and 2024 were US$0.60, US$0.87 and US$0.63, respectively. The total fair value of options vested during the years ended December 31, 2022, 2023 and 2024 were RMB765,284, RMB558,864 and RMB496,269 (US$67,989), respectively. Total intrinsic value of options exercised during the years ended December 31, 2022, 2023 and 2024 were RMB36,011, RMB54,998 and RMB26,985 (US$3,697), respectively.

The Company uses the binomial tree option pricing model to estimate the fair value of share options with the assistance of an independent third-party valuation firm. The assumptions used to value the share options granted to employees and non-employees were as follows:

	Year Ended December 31,		
	2022	2023	2024
Fair value of ordinary shares (US$)	0.40~0.72	0.64	0.72
Risk-free interest rate (%)	1.72~2.00	3.70	4.61
Expected volatility (%)	51.1~51.2	79.2	75.7
Expected dividend yield	—	—	—
Expected exercise multiple	2.2~2.8	2.8	2.8

The estimated fair value of the Company's ordinary shares is based on the Company's share price. The risk-free interest rate for periods within the contractual life of the options is based on the U.S. treasury yield curve in effect at the time of grant for a term consistent with the contractual term of the awards. Expected volatility is estimated based on the historical volatility of the Company's share price. The dividend yield is estimated based on our expected dividend policy over the expected term of the options. The expected exercise multiple is based on management's estimation, which the Company believes is representative of the future.

The following table sets forth the amount of share-based compensation expense included in each of the relevant financial statement line items:

	Year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Cost of revenues	147,045	133,160	121,048	16,584
Selling, general and administrative	425,209	314,788	273,330	37,446
Research and development	239,187	188,784	150,017	20,552
	811,441	636,732	544,395	74,582

22. RELATED PARTY TRANSACTIONS

a) The table below sets forth the major related parties and their relationships with the Group:

Name of related parties	Relationship with the Group
Baidu and its subsidiaries ("Baidu Group")	Controlling shareholder of the Company
PAGAC IV-4 (Cayman) Limited ("PAG")	An entity, of which the co-founder and executive chairman is the director of the Company
Others	Equity investees that the Group or Baidu Group has significant influence over

b) The Group had the following related party transactions with the major related parties:

	For the year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Membership services				
Membership services revenue earned from memberships sold to Baidu Group	54,401	92,900	90,816	12,442
Online advertising revenues				
Advertising services provided to Baidu Group	55,664	17,696	7,509	1,029
Advertising services provided to Others	224,110	178,913	63,876	8,751
Content distribution revenues				
Content licensed to Others (i)	190,398	260,086	231,825	31,760
Other revenues				
Others	53,521	91,970	56,675	7,764
Interest income				
Loan due from PAG	—	17,624	121,212	16,606
Cost of revenues				
License fees to Baidu Group	8,183	20,416	35,557	4,871
Bandwidth and cloud services fee to Baidu Group	653,001	550,748	575,347	78,822
Others (ii)	223,149	326,927	287,379	39,371
Selling, general and administrative				
Advertising services provided by Baidu Group	47,617	116,068	112,686	15,438
Others	22,011	24,642	14,531	1,991

(i) The transactions mainly represent revenues derived from content distributed to Investee A and Investee B.

(ii) The transactions mainly represent revenue sharing arrangements with various equity investees, pursuant to which the Group incurred revenue sharing cost for content uploaded or provided by the equity investees.

For the years ended December 31, 2022, 2023 and 2024, the Group purchased content and others from equity investees in an amount of RMB1,513,683, RMB1,602,510 and RMB1,745,657 (US239,154), respectively. Except for the transaction disclosed above, other related party transactions were insignificant for each of the years presented.

c) The Group had the following related party balances with the major related parties:

Except for the non-trade balances disclosed below, amounts due from/due to related parties as of December 31, 2023 and 2024 relate to transactions arising from the ordinary and usual course of business of the Group and were trade in nature.

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Amounts due from related parties, current:			
Due from Baidu Group (i)	4,389	1,243	170
Loan due from PAG (ii)	1,437,044	41,010	5,618
Due from Others (iii)	265,591	240,870	33,000
	1,707,024	283,123	38,788
Amounts due from related parties, non-current:			
Loan due from PAG (ii)	—	3,813,937	522,507
Due from Others (iv)	158,590	137,000	18,769
	158,590	3,950,937	541,276

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Amounts due to related parties, current:			
Loans due to Baidu Group (v)	50,000	50,000	6,850
Due to Baidu Group (vi)	2,027,194	2,131,649	292,035
Deferred revenue in relation to services to be provided to an equity investee (vii)	21,186	21,186	2,902
Due to Others (viii)	855,278	1,036,201	141,959
	2,953,658	3,239,036	443,746
Amounts due to related parties, non-current:			
Due to Baidu Group (vi)	3,231	3,178	435
Deferred revenue in relation to services to be provided to an equity investee (vii)	76,433	55,147	7,555
Due to Others	902	901	124
	80,566	59,226	8,114

(i) The balance mainly represents amounts due from Baidu Group for membership services, online advertising services and other services.

(ii) As of December 31, 2023, the balance represents a non-trade loan and interest receivables due from PAG with the principal of US$200 million at an interest rate of 6%, due on July 1, 2024 if the Company requires repayment, or otherwise will due on the date which PAG and its affiliates cease to hold any portion of the PAG Notes (Note 14) in accordance with a facility agreement entered into in September 2023. In August 2024, the Company entered into another facility agreement with PAG and these facility agreements together provide PAG loan facilities up to US$522.5 million in aggregate, with an interest rate of 6% per annum. As of December 31, 2024, the total principal balance of US$522.5 million (equivalent to RMB3,813.9 million) is then due on the date which PAG and its affiliates cease to hold any portion of the PAG Notes. PAG released certain collateral secured by the Company under the PAG Notes and pledged to the Company a portion of the PAG Notes, each in an amount equivalent to the amount of this non-trade loan.

(iii) The balance mainly represents amounts due from or advances made to equity investees for content distribution services and other services.

(iv) The balance mainly represents prepayments for licensed copyrights to be received from the Group's equity investees.

(v) The total outstanding balance represents a non-trade interest-free loan of RMB50,000.

(vi) The balance mainly represents amounts owed to Baidu for bandwidth and cloud services provided to the Group.

(vii) The balance represents deferred revenue in relation to licenses of intellectual property to be provided to Investee A.

(viii) The balance mainly represents amounts owed to the Group's equity investees for acquisition of contents assets and advances made for online advertising services.

23. FAIR VALUE MEASUREMENTS

The following table sets forth the financial instruments measured or disclosed at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2023 and 2024 and non-recurring fair value measurements as of December 31, 2023 and 2024:

	Fair Value Measurements				
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gain/ (Losses)	
	RMB	RMB	RMB	RMB	US$
Recurring					
As of December 31, 2023:					
Cash equivalents					
Time deposits (i)		32,292			
Short-term investments					
Available-for-sale debt securities (i)		941,738			
Long-term investments					
Available-for-sale debt securities (ii)			466,006		
Equity investments at fair value with readily determinable fair value	24,815				
Convertible senior notes, current portion (iii)		2,727,147			
Convertible senior notes, non-current portion (iii)		3,756,945	5,123,936		
As of December 31, 2024:					
Cash equivalents					
Time deposits (i)		781,205			
Short-term investments					
Available-for-sale debt securities (i)		941,610			
Long-term investments					
Available-for-sale debt securities (ii)			788,982		
Equity investments at fair value with readily determinable fair value	9,500				
Convertible senior notes, current portion (iii)		16,671	207,531		
Convertible senior notes, non-current portion (iii)		3,932,041	3,765,189		
Non-recurring					
As of December 31, 2023:					
Produced content monetized on its own (iv)			25,238	(253,125)	
Long-term investments (v)	43,343		228,259	(336,226)	
Equity investments without readily determinable fair value (vi)			269,415	(4,027)	
As of December 31, 2024:					
Produced content monetized on its own (iv)			73,936	(95,277)	(13,053)
Long-term investments (v)			344,843	(192,613)	(26,388)

Recurring

(i) The fair value of time deposits is determined based on the prevailing interest rates in the market. Due to maturities of less than one year, the carrying values of short-term investments approximate their fair values.

(ii) Long-term available-for-sale debt securities are convertible debt instruments issued by private companies and investments in equity securities that are redeemable at the Company's option, which do not have readily determinable market values. The fair values of these investments were categorized as Level 3 in the fair value hierarchy. The Group uses a combination of valuation methodologies, including market and income approaches based on the Group's best estimate, which is determined by using information including but not limited to the pricing of recent rounds of financing, future cash flow forecasts and liquidity factors.

	2023	2024	2024
	RMB	RMB	US$
Balance as of January 1,	**485,324**	**466,006**	**63,843**
Addition	—	492	67
Disposals	(17,596)	(52,581)	(7,204)
Conversion	6,509	370,373	50,741
Accrued interest	3,136	618	85
Net unrealized fair value change recognized in other comprehensive income	(11,367)	(2,506)	(343)
Foreign currency translation adjustments	—	6,580	901
Balance as of December 31	**466,006**	**788,982**	**108,090**

(iii) The Company carries the convertible senior notes at face value less unamortized debt discount and issuance costs on its consolidated balance sheets, and presents the fair value for disclosure purposes only. The fair values of the convertible senior notes are classified as Level 2 or Level 3 in the fair value hierarchy. For further information on the convertible senior notes, see Note 14.

Non-recurring

(iv) Due to adverse changes in the expected performance of certain produced content and the reduced amount of ultimate revenue expected to be recognized, the Group performed an assessment to determine whether the fair value was less than unamortized content costs. The Group uses a discounted cash flow approach to estimate the fair value of the produced content titles predominantly monetized on its own. The significant unobservable inputs (level 3) include forecasted future revenues, production costs required to complete the content and exploitation and participation costs. The Group considers the historical performance of similar content, the forecasted performance and/or preliminary actual performance subsequent to the release of the produced content in estimating the fair value. Based on the above assessment, certain produced content predominantly monetized on its own were determined to be impaired and re-measured to the fair value as of each quarter end. Impairment charges of RMB67,519, RMB253,125 and RMB95,277 (US$13,053) were recognized for produced content predominantly monetized on its own and were recognized as cost of revenues in the consolidated statements of comprehensive (loss)/income for the years ended December 31, 2022, 2023 and 2024, respectively.

(v) The Group measures certain financial assets, including equity method investments at fair value on a non-recurring basis only if an impairment charge recognized. The fair values of the Group's investments in publicly listed companies are measured using quoted market prices. For estimating the fair value of investments without observable market prices, the Group uses valuation methodologies, primarily the market approach, which requires management to use unobservable inputs (Level 3) such as selection of comparable companies and multiples, expected volatility, discount for lack of marketability and probability of exit events as it relates to liquidation and redemption preferences when applicable. When there is impairment of equity securities accounted for under the measurement alternative and equity method investments, the non-recurring fair value measurements are measured at the date of impairment. As a result of the above assessment, certain long-term investments were determined to be impaired, and the impairment charges were recognized in the consolidated statements of comprehensive (loss)/income during the years ended December 31, 2022, 2023 and 2024.

(vi) For equity investments accounted for under the measurement alternative, the equity investment is measured at fair value on a non-recurring basis when there is an orderly transaction for identical or similar investments of the same issuer. The fair values of these investments were categorized as Level 3 in the fair value hierarchy. The fair values of the Group's privately held

investments as disclosed are determined based on the observable transaction price of recent rounds of financing and a price adjustment for the different rights and obligations between a similar instrument of the same issuer with an observable price change in an orderly transaction and the investment held by the Group. These non-recurring fair value measurements were measured as of the observable transaction dates. As a result of the above assessment, certain equity investments accounted for under the measurement alternative were re-measured to their fair values, and the total net unrealized gains/(losses) (Note 4) were recognized in "Others, net" in the consolidated statements of comprehensive (loss)/income for the years ended December 31, 2022 and 2023.

24. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in accumulated other comprehensive income by component, net of tax, were as follows:

	Foreign currency translation adjustments	Unrealized losses on available-for-sale debt securities	Total
	RMB	RMB	RMB
Balance at December 31, 2021	2,711,428	(2,426)	2,709,002
Other comprehensive loss before reclassification	(844,725)	(21,091)	(865,816)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current-period other comprehensive loss	(844,725)	(21,091)	(865,816)
Cumulative effect of adopting ASU 2020-06	24,938	—	24,938
Other comprehensive income attributable to noncontrolling interests	(4,670)	—	(4,670)
Balance at December 31, 2022	1,886,971	(23,517)	1,863,454
Other comprehensive loss before reclassification	(163,983)	(11,367)	(175,350)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current-period other comprehensive loss	(163,983)	(11,367)	(175,350)
Other comprehensive income attributable to noncontrolling interests	(57)	—	(57)
Balance at December 31, 2023	1,722,931	(34,884)	1,688,047
Other comprehensive loss before reclassification	(133,922)	(8,899)	(142,821)
Amounts reclassified from accumulated other comprehensive income	—	6,393	6,393
Net current-period other comprehensive loss	(133,922)	(2,506)	(136,428)
Other comprehensive income attributable to noncontrolling interests	(611)	(485)	(1,096)
Balance at December 31, 2024	1,588,398	(37,875)	1,550,523
Balance at December 31, 2024 in US$	217,610	(5,189)	212,421

The amounts reclassified out of accumulated other comprehensive income represent realized gains on the available-for-sale debt securities upon their maturity. The amounts reclassified were determined on the basis of specific identification.

Gains in the amount of RMB2,054,601, RMB687,370 and RMB529,539 (US$81,178) on intracompany foreign currency transactions that are of a long-term-investment nature are included in the foreign currency translation adjustments for the years ended December 31, 2022, 2023 and 2024, respectively.

25. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

Condensed Balance Sheets

		As of December 31,		
	Note	2023	2024	2024
		RMB	RMB	US$
ASSETS				
Current assets:				
Cash and cash equivalents		401,002	887,386	121,571
Prepayments and other assets		4,725	2,543	348
Amounts due from entities within the Group		22,653,118	21,082,425	2,888,281
Total current assets		**23,058,845**	**21,972,354**	**3,010,200**
Total non-current assets		—	—	—
Total assets		**23,058,845**	**21,972,354**	**3,010,200**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Convertible senior notes		2,802,442	242,460	33,217
Accrued expenses and other liabilities		25,891	13,898	1,904
Total current liabilities		**2,828,333**	**256,358**	**35,121**
Non-current liabilities				
Convertible senior notes	14	8,143,994	8,350,570	1,144,023
Total non-current liabilities		**8,143,994**	**8,350,570**	**1,144,023**
Total liabilities		**10,972,327**	**8,606,928**	**1,179,144**
Commitments and contingencies	17			
Shareholders' equity:				
Class A ordinary shares (US$0.00001 par value; 94,000,000,000 shares authorized as of December 31, 2023 and 2024, respectively; 3,853,820,658 and 3,854,584,680 shares issued as of December 31, 2023 and 2024, respectively; 3,675,039,807 and 3,698,793,887 shares outstanding as of December 31, 2023 and 2024, respectively)	18	237	238	33
Class B ordinary shares (US$0.00001 par value; 5,000,000,000 shares authorized as of December 31, 2023 and 2024; 3,041,097,278 shares issued and outstanding as of December 31, 2023 and 2024)	18	193	193	26
Additional paid-in capital		54,971,469	55,623,841	7,620,435
Accumulated deficit	19	(44,573,428)	(43,809,369)	(6,001,859)
Accumulated other comprehensive income	24	1,688,047	1,550,523	212,421
Total shareholders' equity		**12,086,518**	**13,365,426**	**1,831,056**
Total liabilities and shareholders' equity		**23,058,845**	**21,972,354**	**3,010,200**

Condensed Statements of Comprehensive (Loss)/Income

	Year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Operating costs and expenses:				
Selling, general and administrative	(66,883)	(11,397)	(13,814)	(1,893)
Operating loss				
Share of income of subsidiaries, VIEs and VIEs' subsidiaries	2,076,676	2,975,000	1,844,679	252,720
Interest income	12,845	115,209	59,742	8,185
Interest expenses	(234,870)	(726,487)	(672,647)	(92,152)
Foreign exchange loss, net	(1,954,314)	(665,335)	(640,334)	(87,725)
Others, net	30,334	238,479	186,433	25,541
Net (loss)/income	**(136,212)**	**1,925,469**	**764,059**	**104,676**
Net (loss)/income attributable to ordinary shareholders	**(136,212)**	**1,925,469**	**764,059**	**104,676**
Other comprehensive loss:				
Foreign currency translation adjustments	(849,395)	(164,040)	(134,533)	(18,431)
Unrealized losses on available-for-sale debt securities	(21,091)	(11,367)	(2,991)	(410)
Total other comprehensive loss, net of tax	**(870,486)**	**(175,407)**	**(137,524)**	**(18,841)**
Comprehensive (loss)/income	**(1,006,698)**	**1,750,062**	**626,535**	**85,835**

Condensed Statements of Cash Flows

	Year ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Net cash used for operating activities	(157,273)	(370,682)	(35,985)	(4,930)
Net cash (used for)/provided by investing activities	(2,462,807)	238,001	3,384,507	463,676
Net cash provided by/(used for) financing activities	5,307,603	(3,859,442)	(2,873,166)	(393,622)
Effect of exchange rate changes on cash and cash equivalents	31,492	58,157	11,028	1,510
Net increase/(decrease) in cash and cash equivalents	**2,719,015**	**(3,933,966)**	**486,384**	**66,634**
Cash and cash equivalents at the beginning of the year	1,615,953	4,334,968	401,002	54,937
Cash and cash equivalents at the end of the year	4,334,968	401,002	887,386	121,571

Basis of presentation

For the presentation of the parent company only condensed financial information, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323. The subsidiaries, VIEs and VIEs' subsidiaries losses are reported as "Share of income of subsidiaries, VIEs and VIEs' subsidiaries" on the condensed statements of comprehensive (loss)/income. Under the equity method of accounting, the Company's carrying amount of its investment in subsidiaries, VIEs and VIEs' subsidiaries was reduced to nil as of December 31, 2023 and 2024, and the carrying amount of "Amounts due from entities within the Group" was further adjusted as the Company committed to provide financial support to its VIEs as disclosed in Note 1.

The subsidiaries did not pay any dividends to the Company for the periods presented.

The Company does not have significant commitments or long-term obligations as of the period end other than those presented.

The parent company only financial statements should be read in conjunction with the Company's consolidated financial statements.

26. SUBSEQUENT EVENTS

In February 2025, the Company issued an aggregate principal amount of US$350 million (equivalent to RMB2,554.8 million) convertible senior notes (the "2030 Notes") for cash. The net proceeds of the 2030 Notes (after deducting the initial purchasers' discounts, taking into account the estimated reimbursement from the initial purchasers for certain expenses incurred by the Company, but without deducting other estimated offering expenses payable by the Company) amounted to approximately US$344.8 million (equivalent to RMB2,516.4 million). The 2030 Notes are senior, unsecured obligations of the Company, and interest is payable quarterly in cash at a rate of 4.625% per annum in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2025. The 2030 Notes will mature on March 15, 2030 unless repurchased, redeemed or converted prior to such date. The 2030 Notes may be convertible into the Company's ADS at the holder's option and subject to the terms of the 2030 Notes, at an initial conversion rate of 324.0966 ADS per US$1,000 principal amount of the 2030 Notes (which is equivalent to an initial conversion price of approximately US$3.09 per ADS). Upon conversion, the Company will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at its election. On March 15, 2028 or in the event of certain fundamental changes, the holders of the 2030 Notes will have the right to require the Company to repurchase for cash all or part of their notes at a repurchase price equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid interest. Concurrently with and shortly after the offering of the 2030 Notes, the Company also entered into separate and individually privately negotiated agreements with certain holders of the Notes to repurchase approximately US$300 million (equivalent to RMB2,189.8 million) principal amount of such notes for cash. The Company is in the process of determining related accounting treatment.

Exhibit 2.5

Description of rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

American Depositary Shares ("ADSs") each representing seven Class A ordinary shares of iQIYI, Inc., (the "we," "our," "our company," or "us") are listed and traded on the Nasdaq Global Market and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of Class A ordinary shares and (ii) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by JPMorgan Chase Bank, N.A., as depositary, and holders of ADSs will not be treated as holders of the Class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective ninth amended and restated memorandum and articles of association (the "Memorandum and Articles of Association"), as well as the Companies Law (as amended) of the Cayman Islands (the "Companies Law") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our Registration Statement on Form F-1 (File No. 333-223263).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each Class A ordinary share has US$0.00001 par value. The number of Class A ordinary shares that have been issued as of the last day of each financial year is provided on the cover of the annual report on Form 20-F filed for such financial year (the "Form 20-F"). Our Class A ordinary shares may be held in either certificated or uncertificated form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall entitle the holder thereof to ten votes on all matters subject to the vote at general meetings of our company. Due to the super voting power of Class B ordinary share holder, the voting power of the Class A ordinary shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Classes of Ordinary Shares

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares (and a further class of authorized but undesignated shares). Except for conversion rights and voting rights, the Class A ordinary shares and Class B ordinary shares shall carry equal rights and rank pari passu with one another, including but not limited to the rights to dividends (subject to the ability of the board of directors, under our Memorandum and Articles of Association, to determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and to settle all questions concerning such distribution (including fixing the value of such assets, determining that cash payment shall be made to some shareholders in lieu of specific assets and vesting any such specific assets in trustees on such terms as the directors think fit)) and other capital distributions.

Conversion

Our Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors (provided always that dividends may be declared and paid only out of funds legally available therefor, namely out of either profit, retained earnings or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business).

Voting Rights

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 at any of our general meetings. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of our company. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Walkers (Hong Kong), our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Law and not inconsistent with common law.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy (or, in the case of corporations, by their duly authorized

representatives) at a general meeting, while a special resolution requires the affirmative vote of a majority of no less than two-thirds of the votes attached to the ordinary shares cast by those shareholders who are present in person or by proxy (or, in the case of corporations, by their duly authorized representatives) at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Law and our Memorandum and Articles of Association. A special resolution will be required for important matters such as a change of name or making changes to our Memorandum and Articles of Association.

Baidu and its affiliates has the right to appoint, remove and replace a majority of our directors as long as it holds no less than 50% of the voting power of our company.

Transfer of Ordinary Shares

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.

However, 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 our company has 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;
- a fee of such maximum sum as the Nasdaq Global Market may determine to be payable, or such lesser sum as the board of directors may from time to time require, is paid to our company in respect thereof; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If our directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation Rights

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares or, on a winding up, with the sanction of a special resolution of our company and any other sanction required by the Companies Law), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares in proportion to the par value of the shares held by them (subject to, on a winding up where 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, a deduction from ordinary

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, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them. We are a "limited liability" company registered under the Companies Law, and under the Companies Law, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our current memorandum of association contains a declaration that the liability of our members is so limited.

Calls on Ordinary Shares and Forfeiture of Ordinary shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares (together with any interests which may have accrued). The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by an ordinary resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our Memorandum and Articles of Association. Under the Companies 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 and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies 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 other than shares held as treasury shares, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the rights attached to any such class may (subject to any rights or restrictions for the time being attached to any class of share) only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the issued shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking pari passu with or subsequent to such existing class of shares or the redemption or

purchase of any shares of any class by us. The rights of the holders of shares shall not be deemed to be materially adversely 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.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote Class A ordinary shares, other than anti-takeover provisions contained in the Memorandum and Articles of Association to limit the ability of others to acquire control of our company or cause our company to engage in change-of-control transactions.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our current memorandum and articles of association may discourage, delay or prevent a change in 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.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for a proper purpose and for what they believe in good faith to be in the best interests of our company.

For so long as Baidu Holdings Limited, or Baidu, and its affiliates collectively hold no less than 50% of the voting power of our company, Baidu shall be entitled to appoint, remove and replace a majority of the directors.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the laws of the Cayman Islands or under the Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Law and the current Companies Act of England. 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 comparable provisions of the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman

Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a statement of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are 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 or creditors (representing 75% by value) 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 or creditor has the right to express to the court the view that the transaction ought not to be approved, the court would nevertheless be likely 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; and
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest.

Where a scheme or contract involving the transfer of shares or any class of shares in a company to another company has, within four months after the making of the offer, been approved by the holders of not less than ninety per cent in value of the shares affected, 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 on the terms of the offer. Dissenting shareholders may object by filing proceedings in the Grand Court of the Cayman Islands, but such objections are unlikely to be successful where the offer has been accepted by holders of 90% in value of the shares affected unless there is evidence that shareholders have been treated in an unfair or prejudicial manner.

If an arrangement and reconstruction of a Cayman Islands company is approved by at least 90% in value of shareholders (as described above), a dissenting shareholder would have no rights

comparable to the appraisal rights which it would have if the company in question were a Delaware corporation (being the right to receive payment in cash for the judicially determined value of its shares).

Shareholders' Suits. In the ordinary course, litigation brought in the name of the company must be brought by the company acting by the board, such that shareholders cannot sue in the name of the company. However, in certain circumstances (including where the alleged wrongdoer is in control of the company), shareholders in Cayman Islands companies may cause proceedings to be brought derivatively for and on behalf of the company against third parties, including the company's directors.

Indemnification of Directors and Executive Officers and Limitation of Liability. The ability of Cayman Islands companies to provide in their articles of association for indemnification of officers and directors is limited, insofar as it is not permissible for the directors to contract out of the core fiduciary duties they owe to the company, nor would any indemnity be effective if it were held by the Cayman Islands courts to be contrary to public policy, which would include any attempt to provide indemnification against civil fraud or the consequences of committing a crime. Our current memorandum and articles of association provide that our directors and officers 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, 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 each of our directors and executive officers that will provide such persons with additional indemnification beyond that provided in our current 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.

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our current memorandum and articles of association may discourage, delay or prevent a change in 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.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for a proper purpose and for what they believe in good faith to be in the best interests of our company.

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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her 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, a 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 he owes duties to the company including the following—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his or her 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 or her personal interest or his or her duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care and the test in the Cayman Islands against which that duty is measured is both objective and subjective.

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. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. 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.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to table resolutions at a general meeting. However, these rights may be provided in a company's articles of association. Our current memorandum and articles of association provides that, on the requisition of shareholders holding shares representing in aggregate not less than one-third (1/3) of all votes attaching to all issued and

outstanding shares of the Company that as at the date of the deposit of such requisition carry the right to vote at general meetings of the Company, the board shall convene an extraordinary general meeting. However, our current 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. 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. Cayman Islands law does not prohibit cumulative voting, but our current 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.

Appointment of Directors. For so long as Baidu and its affiliates collectively hold no less than 50% of the voting power of the Company, Baidu shall be entitled to appoint, remove and replace a majority of the directors.

The board of directors may, by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors, appoint any person as a director, to fill a casual vacancy on the board of directors that is not a Baidu appointed director or as an addition to the existing board of directors. A vacancy on the board of directors created by the removal of a non-Baidu Holdings appointed director may be filled by way of an ordinary resolution of the Company's shareholders or by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors.

Each director whose term of office expires shall be eligible for re-election at a meeting of the Company's shareholders or re-appointment by the board of directors.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our current memorandum and articles of association, directors not appointed by Baidu may be removed by ordinary resolution of our shareholders or pursuant to an existing written agreement between the director and the Company.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, 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 stock or who or which is an affiliate or associate of the corporation and owned

15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up either voluntarily or compulsorily. A company may be wound up by the Grand Court of the Cayman Islands for a number of reasons, including: (i) the company has passed a special resolution of requiring the company to be wound up by the Grand Court; (ii) the company is unable to pay its debts; and (iii) the Grand Court is of opinion that it is just and equitable that the company should be wound up.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our current articles of association, we may only materially adversely vary the rights attached to any class of shares (subject to any rights or restrictions for the time being attached to any class of share) with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the issued shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Law, our memorandum and articles of association may only be amended by special resolution of our shareholders.

Rights of Non-Resident or Foreign Shareholders. There are no limitations imposed by our current 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 current memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares. Under our current memorandum and articles of association, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Exempted Company. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

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

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

JPMorgan Chase Bank, N.A., as depositary, issues the ADSs. Each ADS represents an ownership interest of seven Class A ordinary shares, deposited with the custodian, as agent of the depositary, under the deposit agreement among our company, the depositary, and the holders of the American Depositary Receipts ("ADRs") thereunder. Each ADS also represents ownership of any securities, cash or other property deposited with by the depositary but which they have not been distributed directly to you. Unless certificated ADSs are specifically requested by you, all ADSs will be issued on the books of the depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

The depositary's office is located at 4 New York Plaza, Floor 12, New York, NY, 10004.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Islands law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all registered holders from time to time of ADSs issued under the deposit agreement. The obligations of the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The deposit agreement and the ADSs are governed by New York law. Under the deposit agreement, as an ADR holder, you agree that any legal suit, action or proceeding against or involving us or the depositary, arising out of or based upon the deposit agreement, the ADSs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York, and you irrevocably waive any objection which you may have to the laying of venue of any such proceeding and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. The deposit agreement has been filed with the SEC as an exhibit to a Registration Statement on Form F-6 (File No. 333-223709) for our company. The form of ADR is on file with the SEC (as a prospectus) and was filed on March 29, 2018.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii)

deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.

- *Rights to Receive Additional Shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:

    - sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or

    - if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine any distribution or action that is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the Depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of https://www.adr.com/Investors/FindOutAboutDRs, the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. Shares deposited with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan Chase Bank, N.A., as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares for the account and to the order of the depositary. ADR holders thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities."

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. Delivery of deposited securities in certificated form will be made at the custodian's office. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities,
- to give instructions for the exercise of voting rights at a meeting of holders of shares,
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR, or
- to receive any notice or to act in respect of other matters

all subject to the provisions of the deposit agreement.

Voting Rights

How do you vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. Subject to the next sentence, as soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement in respect of such meeting or solicitation of consent or proxy. The depositary shall, if we request in writing in a timely manner (the depositary having no obligation to take any further action if our request shall not have been received by the depositary at least 30 days prior to the date of such vote or meeting) and at our expense and provided that no legal prohibitions exist, distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received by the depositary and describing how you may instruct or, subject to the next sentence, will be deemed to instruct, the depositary to exercise the voting rights for the shares which underlie your ADSs, including instructions for giving a

discretionary proxy to a person designated by us. To the extent we have provided the depositary with at least 45 days' notice of a proposed meeting, if voting instructions are not timely received by the depositary from any holder, such holder shall be deemed, and in the deposit agreement the depositary is instructed to deem such holder, to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the shares represented by their ADSs as desired, provided that no such instruction shall be deemed given and no discretionary proxy shall be given (a) if we inform the depositary in writing (and we agree to provide the depositary with such information promptly in writing) that (i) we do not wish such proxy to be given, (ii) substantial opposition exists with respect to any agenda item for which the proxy would be given or (iii) the agenda item in question, if approved, would materially or adversely affect the rights of holders of shares and (b) unless, with respect to such meeting, the depositary has been provided with an opinion of our Cayman Islands counsel as agreed with such counsel, in form and substance satisfactory to the depositary, to the effect that (a) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in the Cayman Islands solely by reason of grant, (b) the granting of such proxy will not result in a violation of Cayman Islands law, rule, regulation or permit applicable to our company and (c) any ruling given in accordance with the deposit agreement in respect of the voting arrangement and deemed instruction as contemplated under the deposit agreement will be given effect by the courts of the Cayman Islands.

Holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion. Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

We have advised the depositary that under the laws of the Cayman Islands and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded by the chairman or one or more shareholders present in person or by proxy entitled to vote. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Further, we are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers and, accordingly, file certain reports with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancelation or other reclassification of deposited securities or (ii) any distributions of shares or other property not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such amendment and to be bound by the deposit agreement as so amended. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or within any other period of time as required for compliance. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating under the deposit agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 120th day after our notice of removal was first provided to the depositary. After the date so fixed for termination, (a) all direct registration ADRs shall cease to be eligible for the direct registration system and shall be considered ADRs issued on the ADR register maintained by the depositary and (b) the depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a registered holder of ADRs. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a registered holder of ADRs, the depositary shall (a) instruct its custodian to deliver all shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and (b) provide us with a copy of the ADR register maintained by the depositary. Upon receipt of such shares and the ADR register maintained by the depositary, we have agreed to use our best efforts to issue to each registered holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR register maintained by the depositary in such registered holder's name and to deliver such Share certificate to the registered holder at the address set forth on the ADR register maintained by the depositary. After providing such instruction to the custodian and delivering a copy of the ADR register to us, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

Limitations on Obligations and Liability to ADR Holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancelation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;

- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and

- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents, provided, however, that no disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. Neither we nor the depositary nor any such agent will be liable if:

- any present or future law, rule, regulation, fiat, order or decree of the United States, the Cayman Islands, the People's Republic of China (including the Hong Kong Special Administrative Region, the People's Republic of China) or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or other circumstance beyond our,

the depositary's or our respective agents' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);

- it exercises or fails to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;

- it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;

- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or

- it relies upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that the custodian has (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide extraordinary services such as attendance at annual meetings of issuers of securities. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable

care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or other holders of an interest in any ADSs about the requirements of Cayman Islands or People's Republic of China law, rules or regulations or any changes therein or thereto.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADR or beneficial owner therein to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. Neither we nor the depositary shall incur any liability for any tax consequences that may be incurred by registered holders or beneficial owners therein on account of their ownership of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Neither the depositary nor any of its agents shall be liable to registered holders or beneficial owners of interests in ADSs for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or the company directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory).

The depositary and its agents may own and deal in any class of securities of our company and affiliates and in ADRs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to instruct you to deliver your ADSs for cancelation and withdrawal of the deposited securities so as to permit us to deal with you directly as a holder of shares and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed at any time or from time to time, when deemed expedient by the depositary or, in the case of the issuance book portion of the ADR register, when reasonably requested by us solely in order to enable us to comply with applicable law.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Exhibit 4.86

CONFIDENTIAL
EXECUTION VERSION

FACILITY AGREEMENT

dated August 8, 2024

for

PAGAC IV-4 (CAYMAN) LIMITED
as Borrower

and

iQIYI HK Limited

as Lender

and, for the purposes of Clause 18 (*Definition of Secured Obligations*)

PAGAC IV-1 (Cayman) Limited

and

iQIYI, Inc.

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THIS AGREEMENT is dated August 8, 2024 and made between:

(1) **PAGAC IV-4 (Cayman) Limited**, an exempted company incorporated in Cayman Islands, as borrower (the "**Borrower**"); and

(2) **iQIYI HK Limited,** a company incorporated in Hong Kong, as Lender (the "**Lender**"). The Lender is a subsidiary of IQ; and

for the purposes of Clause 18 (*Definition of Secured Obligations*):

(3) **PAGAC IV-1 (Cayman) Limited**, an exempted company incorporated in Cayman Islands; and

(4) **iQIYI, Inc.**, a company listed on NASDAQ under the ticker IQ ("**IQ**").

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1. **Definitions**

Unless otherwise defined hereunder, in this Agreement:

"**Account Bank**" means 兴业银行股份有限公司北京东城支行.

"**Account Charge Agreement**" means the account charge agreement (账户担保协议) dated December 30, 2022 entered into between the WFOE as chargor and the CN Holder as chargee.

"**Account Control Agreement**" means the account control agreement (兴业银行股份有限公司北京东城支行账户收支监管协议) dated December 30, 2022 entered into between the WFOE and the CN Holder as principals and the Account Bank as trustee.

"**ADS**" has the meaning given to it in the Investment Agreement.

"**Affiliate**" has the meaning given to it in the Investment Agreement.

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; and

(b) in relation to anything which will be fully or partly prohibited or restricted by law or regulation if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Availability Period**" means the period from and including the date of this Agreement to and including the date which is 6 months after the date of this Agreement, which may be extended by a written agreement/confirmation among the Parties hereto (such extension shall not be unreasonably withheld, conditioned or delayed by the Lender). If the Borrower is unable to fully utilize the Tranche B Facility Commitment on or before December 31, 2024 due to lack of cash deposited in the RMB Charged Account and the US$ Charged Account, the Availability Period for Tranche B Facility shall be extended to the date on which the Tranche B Facility Commitment has been fully utilized by the Borrower.

"**Beijing iQIYI**" means北京爱奇艺科技有限公司.

"**Borrower Debenture**" means the first ranking debenture dated August 22, 2024 between the Borrower as chargor and the Lender as chargee with respect to the UoB Account (2024) and all of the Transferred Convertible Notes and cash credited to the UoB Account (2024).

"**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in New York, the PRC or Hong Kong are authorized or obligated by law or executive order to remain closed.

"**RMB Charged Account**" has the meaning given to the term "担保账户(Charged Account)" in the Account Charge Agreement.

"**Charged Asset**" has the meaning given to the term "担保财产(Charged Asset)" in the Account Charge Agreement.

"**CN Holder**" means PAGAC IV-1 (Cayman) Limited, an exempted company incorporated in Cayman Islands, as the holder of a certain portion of the Convertible Notes.

"**Collateral Ratio**" has the meaning given to it under Clause 6.5 (*Collateral Ratio*).

"**Commitment**" means US$322,500,000, to the extent not cancelled, reduced, increased or transferred in accordance with the terms of this Agreement.

"**Convertible Note(s)**" means the 6.00% convertible senior notes due 2028 issued by IQ pursuant to the Investment Agreement, in an aggregate principal amount of US$550,000,000.

"**Disposal**" has the meaning given to it under Clause 7.1 (*Borrower's disposal right*).

"**Disposal Notice**" has the meaning given to it under Clause 7.1 (*Borrower's disposal right*).

"**Disposal Proceeds**" has the meaning given to it under Clause 7.1 (*Borrower's disposal right*).

"**Disposal Triggered Payment Date**" shall mean each of the dates on or prior to which the Borrower shall make repayment of the outstanding Loans in the applicable amounts pursuant to the provisions in Clause 7 (*Borrower's right to disposal and redemption*).

"**Dispose**" has the meaning given to it under Clause 7.1 (*Borrower's disposal right*).

"**Event of Default**" means any event or circumstance specified as such in Clauses 15.1 (*Non-payment*) through 15.10 (*Borrower Debenture*).

"**Excessive CN Amount**" has the meaning given to it under Clause 6.3 (*Release of Transferred Convertible Notes*).

"**Facility**" means the Tranche A Facility or the Tranche B Facility, as the case may be, and "**Facilities**" means both of them.

"**Facility Agreement (2023)**" means the facility agreement dated September 27, 2023 entered into by, among others, the Lender as lender and the Borrower as borrower, as may be amended, restated, supplemented or otherwise modified from time to time.

"**Governmental Agency**" means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Grace Period**" has the meaning given to it under Clause 10 (*Grace Period*).

"**Indenture**" has the meaning given to it in the Investment Agreement.

"**Initial Utilization Date**" means the date on which the Tranche A Facility is first utilized.

"**Interest Payment Date**" means, for a particular Loan, each January 15, April 15, July 15 and October 15 of each year, beginning from the Utilization Date in respect of that Loan.

"**Interest Period**" means, in relation to a Loan, each period determined in accordance with Clause 9 (*Interest Periods*).

"**Investment Agreement**" means the investment agreement dated August 30, 2022 entered into between IQ, the CN Holder, PAG Pegasus Fund LP and any other persons who become a party thereto in accordance with the terms thereof, as amended by a deed of amendment entered into by the same parties dated December 30, 2022 and further amended by a supplemental agreement entered into by IQ and the CN Holder dated February 22, 2023.

"**JunHe**" means JunHe LLP (北京市君合律师事务所) located at 20/F, China Resources Building, 8 Jianguomenbei Avenue, Beijing.

"**Loan**" means the Tranche A Loan or the Tranche B Loan, as the case may be, and "**Loans**" means all of them.

"**Material Adverse Effect**" means a material adverse effect on or material adverse change in:

(a) the ability of the Borrower to perform and comply with its payment obligations or other obligations under this Agreement; or

(b) the validity, legality or enforceability of this Agreement.

"**Maturity Date**" means the date which is the earlier of (i) the date of repayment in full of all amounts due under the Convertible Notes; (ii) the date of the conversion of all of the Convertible Notes held by the CN Holder and its Affiliates to the Shares of IQ (including in the form of ADSs); (iii) the date on which the CN Holder and its Affiliates otherwise ceasing to hold any portion of the Convertible Notes; and (iv) January 1, 2028.

"**Minimum Collateral Ratio**" has the meaning given to it under Clause 6.5 (*Collateral Ratio*).

"**Official Exchange Rate**" means the mid-rate of exchange as announced by the PRC Foreign Exchange Trading Centre (中国外汇交易中心) with authorization from the People's Bank of China (中国人民银行).

"**Party**" means each of the Lender and the Borrower, and for the purpose of Clause 18 (*Definition of Secured Obligations*), including each of IQ and the CN Holder.

"**PRC**" means the People's Republic of China (for the purpose of this Agreement only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

"**Prepayment Amount**" has the meaning given to it under Clause 6.2 (*Voluntary prepayment of Loans*).

"**Prepayment Notice**" has the meaning given to it under Clause 6.2 (*Voluntary prepayment of Loans*).

"**Prepayment Date**" has the meaning given to it under Clause 6.2 (*Voluntary prepayment of Loans*).

"**Released Cash Collateral**" means the RMB amount equivalent to the amount of the Loan that has been drawn by the Borrower under a Utilization calculated by reference to the average of the Official Exchange Rates of the five (5) consecutive Business Days prior to the date of the Utilization Request for that Utilization.

"**Royalties Receivables Assignment**" means a royalties receivables assignment agreement (关于《作品授权及合作协议》下授权费用收款之转让协议) dated December 30, 2022 entered into between Beijing iQIYI and the WFOE, and as amended, supplemented or otherwise modified from time to time.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Security Documents**" has the meaning given to it in the Investment Agreement, and "**Security Document**" means each and any one of them.

"**Share**" means ordinary shares in issued share capital of IQ from time to time.

"**Subject Convertible Notes**" has the meaning given to it under Clause 7.1 (*Borrower's disposal right*).

"**Tranche A Facility**" means the term loan facility made available under this Agreement as described in Clause 2.1 (*Tranche A Facility*).

"**Tranche A Facility Commitment**" means US$200,000,000, to the extent not cancelled, reduced, increased or transferred in accordance with the terms of this Agreement.

"**Tranche A Loan(s)**" means a loan or loans made or to be made under the Tranche A Facility or the principal amount outstanding from time to time of that loan (or loans).

"**Tranche B Facility**" means the term loan facility made available under this Agreement as described in Clause 2.2 (*Tranche B Facility*).

"**Tranche B Facility Commitment**" means US$122,500,000, to the extent not cancelled, reduced, increased or transferred in accordance with the terms of this Agreement.

"**Tranche B Loan(s)**" means a loan or loans made or to be made under the Tranche B Facility or the principal amount outstanding from time to time of that loan (or loans).

"**Transferred Convertible Notes**" means the Convertible Notes that are held by the Borrower from time to time and credited to the UoB Account (2024).

"**Unpaid Sum**" means any sum due and payable but unpaid by the Borrower under this Agreement.

"**UoB**" means UOB Kay Hian (Hong Kong) Limited.

"**UoB Account (2024)**" means the securities account of the Borrower established at UoB with account name PAGAC IV-4 (CAYMAN) LIMITED and account number 602067-002 which is also the cash collection account for the Transferred Convertible Notes.

"**UoB Acknowledgement Letter (2024)**" means a letter from the Borrower to UoB, which is acknowledged and signed by UoB on August 22, 2024, which is substantially in the form attached hereto as Schedule 6 (*Form of UoB Acknowledgement Letter*).

"**US$ Charged Account**" has the meaning given to it under Clause 6.5 (*Collateral Ratio*).

"**Utilization**" means a utilization of any Facility.

"**Utilization Date**" means the date of any Utilization, being the date on which the relevant Loan is to be made.

"**Utilization Request**" means a notice substantially in the form set out in Schedule 2 (*Utilization Request*).

"**WFOE**" means 北京爱奇艺视界企业管理有限公司.

1.2. **Construction**

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) the "**Lender**", the "**Borrower**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) an "**authorised signatory**" means a person that has been duly authorised by another person (the "**other person**") to execute or sign this Agreement (or other document or notice to be executed or signed by the other person under or in connection with this Agreement) on behalf of that other person;

(iii) an "**agreement**" or any other agreement or instrument is a reference to that document as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced from time to time and includes any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under that document and including any waiver or consent granted in respect of any term of that document from time to time;

(iv) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

(v) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(vi) a provision of law is a reference to that provision as amended or re-enacted; and

(vii) a time of day, unless otherwise specified, is a reference to Hong Kong time.

(b) Any reference in this Agreement to "**United States Dollars**" or "**US$**" is to the lawful currency of the United States of America; any reference in this Agreement to "**RMB**" is to the lawful currency of the PRC.

(c) Clause and Schedule headings are for ease of reference only.

(d) A default is "**continuing**" if it has not been remedied or waived.

2. THE FACILITY

2.1. Tranche A Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower during the Availability Period the Tranche A Facility in United States Dollars in an amount equal to the Tranche A Facility Commitment.

2.2. Tranche B Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower during the Availability Period the Tranche B Facility in United States Dollars in an amount up to the Tranche B Facility Commitment.

For the avoidance of doubt, multiple Utilizations are permitted in respect of the Tranche B Facility, provided that (i) the aggregate amount of the Tranche B Facility that the Borrower can utilize under this Agreement shall not exceed the Tranche B Facility Commitment and (ii) the amount for each Utilization of the Tranche B Facility shall not exceed the aggregate amount of cash deposited in the RMB Charged Account and the US$ Charged Account at the time of such Utilization of the Tranche B Facility Commitment.

3. PURPOSE

The Borrower shall apply all amounts borrowed by it under the Facilities towards the general corporate and working capital purposes.

4. CONDITIONS OF UTILIZATION

4.1. Conditions precedent

For the first Utilization of the Tranche A Facility Commitment, the Borrower may deliver the Utilization Request after (i) the Lender has received all of the documents or evidence listed in items 1, 3, 4, and 5 of Schedule 1 (*Conditions Precedent*) and (ii) the Borrower has received all of the documents or evidence listed in item 2 of Schedule 1 (*Conditions Precedent*). The Lender shall notify the Borrower promptly upon receipt of such documents and evidence. Upon receipt by the Lender (or the Borrower, as the case may be) of the documents and evidence under this Clause 4.1, the Lender shall make available to the Borrower the Tranche A Loan in accordance with the Utilization Request.

For (i) each subsequent Utilization after the Initial Utilization Date in respect of the Tranche A Facility and (ii) each Utilization of the Tranche B Facility Commitment, the Borrower may deliver a Utilization Request after the Lender has received the document proof listed in item 5 of

Schedule 1 (*Conditions Precedent*) for that Utilization. The Lender shall notify the Borrower promptly upon receipt of such document proof and make available to the Borrower a Loan in accordance with such Utilization Request.

4.2. **Conditions subsequent for each Utilization**
After the amount requested in a Utilization Request has been made available to the Borrower, the Borrower, the Lender and IQ (as applicable) shall, by the date falling three (3) Business Days after that Utilization Date, execute or procure to provide or procure the execution of:

(a) a partial security release agreement for the partial release of the Charged Asset (部分解除担保协议) in the form set out in Schedule 3 (*Form of Partial Release Agreement of Security*) duly executed by the CN Holder and the WFOE for approving the partial release of the Charged Asset in an amount equivalent to the Released Cash Collateral for that Utilization;

(b) a security confirmation letter duly executed by the WFOE in the form set out in schedule 2 of the partial security release agreement executed by the CN Holder and the WFOE according to paragraph (a) of this Clause 4.2 pursuant to Clause 4(b) thereunder; and

(c) the document proof evidencing that the amount equivalent to the Released Cash Collateral for that Utilization has been wired into the designated account of Beijing iQIYI.

Without limiting the above, the Borrower, the Lender and IQ shall execute any other document and do all such acts and things as may reasonably be required to give effect to the relevant partial release of the Charged Asset in an amount equivalent to the Released Cash Collateral for that Utilization in accordance with this Agreement. The security over the Charged Asset that has not been expressly released pursuant to the partial security release agreement executed in accordance with paragraph (a) of this Clause 4.2 shall remain in full effect and shall not be affected by this Agreement.

Upon the amount requested in a Utilization Request has been made available to the Borrower, the Borrower shall promptly notify JunHe of such fact in writing. Each of the Borrower (and it shall procure the CN Holder to) and the Lender (and it shall procure the WFOE to) hereby authorizes JunHe to affix the applicable company chop of the WFOE (as designated in the Account Control Agreement) under JunHe's custody at the signature block of the WFOE on the payment application approval form (《兴业银行企业金融客户支付申请审批表》) for that Utilization, which has been duly signed by the CN Holder pursuant to item 5 of Schedule 1 (*Conditions Precedent*), on behalf of the WFOE and to provide such executed form to the Account Bank within one(1) Business Day after the applicable Utilization Date.

5. **UTILIZATION**

5.1. **Delivery of the Utilization Request**
Multiple Utilizations are permitted in respect of any Facility. The Borrower may utilize the Facilities by delivery to the Lender of a duly completed Utilization Request not later than 11:00 a.m., three (3) Business Days prior to the proposed Utilization Date (or such shorter time that the Lender may otherwise agree).

5.2. **Completion of the Utilization Request**
A Utilization Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Utilization Date is a Business Day within the Availability Period;

(b) the currency of that Utilization complies with Clause 5.3 (*Currency*); and

(c) it specifies the account and bank to which the proceeds of that Utilization are to be credited.

5.3. **Currency**
The currency specified in a Utilization Request must be United States Dollars.

5.4. **Availability of Loan**
If the conditions set out in this Agreement have been met, the Lender shall make the applicable Loan available by the relevant Utilization Date.

5.5. **Cancellation of Commitment**
The Commitment which, at that time, is unutilized shall be immediately cancelled at the end of the Availability Period.

5.6. **Disbursement**
The proceeds of the Loans under the Facilities will be disbursed by the Lender directly to the Borrower's account specified in the relevant Utilization Request.

6. REPAYMENT AND PREPAYMENT

6.1. **Repayment of Loans**
(a) Unless otherwise provided under this Clause 6, the Borrower shall repay all outstanding Loans under the Facilities in full on the Maturity Date.

(b) The Borrower shall repay the Loans if so required by relevant provisions under Clause 7 (*Borrower's right to disposal and redemption*).

6.2. **Voluntary prepayment of Loans**
The Borrower may, if it gives the Lender not less than twenty one (21) days' prior notice (the "**Prepayment Notice**") in the form set out in Schedule 4 (*Form of Prepayment Notice*), prepay any part or the whole amount of the Loans together with the accrued but unpaid interest thereon. The Prepayment Notice given by the Borrower under this Clause 6 shall specify the date upon which the relevant prepayment is to be made (the "**Prepayment Date**") and the amount of that prepayment (the "**Prepayment Amount**"). The Loans may be prepaid any time after the Initial Utilization Date. The Lender agrees that it shall (i) ensure that the Collateral Ratio shall not be less than the Minimum Collateral Ratio no later than five (5) days prior to the proposed Prepayment Date (which shall be calculated in accordance with the formula under the definition of "Collateral Ratio" as provided under Clause 6.5 (*Collateral Ratio*) below and also after giving effect to such Prepayment Amount to be made by the Borrower to the US$ Charged Account on the proposed Prepayment Date). If the Lender fails to maintain the Minimum Collateral Ratio as provided in the previous sentence, the Borrower shall have no obligation to make the Prepayment Amount.

6.3. **Release of Transferred Convertible Notes**

If the principal amount of the Transferred Convertible Notes and the cash credited to the UoB Account (2024) are in the aggregate greater than the outstanding amount of the Loans under this Agreement (the difference between these two numbers referred to as the "**Excessive CN Amount**") after the Prepayment Amount is made in accordance with this Clause 6 and the repayment or prepayment of the Loans in accordance with Clause 7 (*Borrower's right to disposal and redemption*), upon written request from the Borrower, the Lender shall give instruction to UoB in accordance with the UoB Acknowledgement Letter (2024) and enter into documents as requested by the Borrower in order to effectuate a release of certain Transferred Convertible Notes and/or the cash credited to the UoB Account (2024) (as requested by the Borrower) in an aggregate amount equal to the Excessive CN Amount from the UoB Account (2024) within ten (10) Business Days after such repayment or prepayment; provided that, after giving effect to such release, an aggregate principal amount of Transferred Convertible Notes equal to at least the outstanding amount of the Loans under this Agreement shall remain in the UoB Account (2024).

6.4. **Restriction**

Any prepayment in accordance with this Agreement may be made without the Borrower incurring any premium or penalty or other fees. The Borrower may not reborrow any part of any Facility which is repaid.

6.5. **Collateral Ratio**

"**Collateral Ratio**" means, at any date, the ratio of:

(a) The aggregate amount in US$ of (i) the cash deposited in an escrow account opened by iQIYI Media HK Limited(愛奇藝媒資香港有限公司) with Industrial Bank Co., Ltd., Hong Kong Branch (the "**US$ Charged Account**") which is subject to an account control and account charge arrangement in favor of the CN Holder substantively similar to arrangement applicable to the RMB Charged Account (subject to changes based on the use of Hong Kong law as governing law and comments from the account bank), (ii) the cash deposited in the RMB Charged Account under the Account Charge Agreement (which shall be calculated at by reference to the average of the Official Exchange Rates of the consecutive five (5) Business Days prior to the date of calculation), and (iii) the outstanding amount under the Royalties Receivables Assignment to be paid to the WFOE in cash into the RMB Charged Account (which shall be recognized as WFOE's account receivables and calculated at by reference to the average of the Official Exchange Rates of the consecutive five (5) Business Days prior to the date of calculation); to

(b) the aggregate outstanding principal amount of all Convertible Notes held by the CN Holder, the Borrower and their Affiliates.

"**Minimum Collateral Ratio**" shall be 1.2.

7. **BORROWER'S RIGHT TO DISPOSAL AND REDEMPTION**

7.1. **Borrower's disposal right**

(a) The Borrower has the right to sell, transfer or otherwise dispose (collectively "**Dispose**") of any of the Transferred Convertible Notes (the "**Disposal**", and the proceeds derived from such Disposal referred to as the "**Disposal Proceeds**"), by serving a disposal notice in the form set out in Schedule 5 (*Form of Disposal Notice*) (the "**Disposal Notice**") to the Lender at any time during the term of the Loans, which shall specify the principal amount of Transferred Convertible Notes it plans to Dispose (the "**Subject Convertible Notes**") and that the Disposal Proceeds from such Disposal will be credited into the UoB Account (2024); provided that the Borrower shall obtain the Lender's prior written consent to a Disposal of Subject Convertible Notes if the amount of the Disposal Proceeds from such Disposal will be less than the principal amount of the Subject Convertible Notes.

(b) If the amount of the Disposal Proceeds from such Disposal will not be less than the principal amount of the Subject Convertible Notes, the Lender shall, within three (3) Business Days after receiving such Disposal Notice and any transaction document or relevant evidence confirming that the Disposal Proceeds from such Disposal will not be less than the principal amount of the Subject Convertible Notes, enter into documents and do all such acts and things as requested by the Borrower (including to give instruction to UoB in accordance with the UoB Acknowledgement Letter (2024)) in order to give effect to the release of the Subject Convertible Notes from the UoB Account (2024) and the Security granted over the Subject Convertible Notes under the Borrower Debenture for purposes of consummating the Disposal.

(c) The Borrower shall ensure that (i) the Disposal of the Subject Convertible Notes in exchange for the Disposal Proceeds will be conducted in accordance with the customary procedures of the DTC (as defined in the Indenture) and (ii) the Disposal Proceeds will be credited to the UoB Account (2024) and promptly (and within five (5) Business Days after receipt of the Disposal Proceeds) applied towards prepayment of the outstanding Loans (plus the accrued but unpaid interests of the Loans so repaid) in an amount equivalent to the principal amount of the Subject Convertible Notes so released under paragraph (b) above. For the avoidance of doubt, the Borrower shall have the right to retain the rest of such Disposal Proceeds after deducting such prepayment amount.

7.2. **Borrower's right to repurchase**

(a) The Lender shall enter into documents and do all such acts and things as reasonably requested by the Borrower (including to give instruction to UoB in accordance with the UoB Acknowledgement Letter (2024)) to facilitate the Borrower's exercise of various rights or options to require IQ to repurchase the Transferred Convertible Notes under Article 15 (*Repurchase of Notes at Option of Holders*) of the Indenture provided that the Borrower shall (i) designate the UoB Account (2024) to receive the "Third Anniversary Repurchase Price" or "Fundamental Change Repurchase Price" (each as defined in the Indenture) in its relevant instructions to the "Depositary" and/or "Trustee" (each as defined in the Indenture) and (ii) make repayment of the outstanding Loans in an amount equivalent to the principal amount of the Transferred Convertible Notes (plus the accrued but unpaid interests of the Loans so repaid) under such repurchase request, as soon as practicable and within five (5) Business Days after the Borrower

receives the "Third Anniversary Repurchase Price" or "Fundamental Change Repurchase Price," as applicable. For the avoidance of doubt, the Borrower shall have the right to retain the rest of the "Third Anniversary Repurchase Price" or "Fundamental Change Repurchase Price" after deducting such prepayment amount.

(b) Notwithstanding the paragraph (a) above and subject to the Utilization of the Tranche A Facility Commitment in whole under this Agreement, the Borrower undertakes not to exercise its redemption/repurchase rights or options under Section 15.01 (*Repurchase at Option of Holders*) of the Indenture in respect of the Convertible Notes in an aggregate principal amount of US$522,500,000 for any "Third Anniversary Repurchase Price", and the Lender has the right to refuse to cooperate with the Borrower if the Borrower exercises the aforesaid redemption/repurchase rights or options under Section 15.01 (*Repurchase at Option of Holders*) of the Indenture. For the avoidance of doubt, the Borrower's undertaking under this Clause 7.2(b) shall remain effective irrespective of any prepayment or repayment of the Loans.

(c) The Parties agree that Clause 7.2(b) hereunder shall apply to the Facility Agreement (2023) as if it had been set out in full therein *mutatis mutandis* and Clause 7.2 of the Facility Agreement (2023) is hereby supplemented and amended by adding the contents of Clause 7.2(b) hereunder as a new Clause 7.2(b) under the Facility Agreement (2023).

8. INTEREST

8.1. Calculation of interest

The rate of interest on the Loans for the applicable Interest Period shall be simple interest rate, which is six percent (6%) per annum. Interest shall accrue on a day-to-day basis from each applicable Utilization Date with a 360-day year and for the actual number of days elapsed.

8.2. Payment of interest

The Borrower shall pay accrued interest on the Loans on each applicable Interest Payment Date.

8.3. Default interest

If the Borrower fails to pay any amount payable by it under this Agreement on its due date, interest shall accrue on such overdue amount from the due date up to the date of actual payment (both before and after judgment) at a simple default interest rate of thirteen percent (13%) per annum. Such default interest (if unpaid) arising on any Unpaid Sum will be compounded with that Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

9. **INTEREST PERIODS**

The first Interest Period for a Loan shall start on the Utilization Date in respect of that Loan and end on the first Interest Payment Date falling after the Utilization Date in respect of that Loan, and each subsequent Interest Period of that Loan shall start on the last day of the preceding Interest Period relating to such Loan and end on the immediately following Interest Payment Date, provided that the last Interest Period shall end on the Maturity Date (or the Disposal Triggered Payment Date, as applicable).

10. **GRACE PERIOD**

Notwithstanding any other provisions of this Agreement to the contrary, the Borrower is entitled to a thirty (30) days' grace period (the "**Grace Period**") for fulfilling any of its payment obligations under this Agreement. However, the six percent (6%) interest shall keep accruing on any outstanding Loan during the Grace Period.

11. **NON-BUSINESS DAYS**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

12. **COSTS AND EXPENSES**

Each Party shall pay its respective portions of the costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation, execution and enforcement of this Agreement and any other documents referred to in this Agreement.

13. **REPRESENTATIONS AND WARRANTIES**

Unless otherwise specified hereunder, the Borrower and the Lender, each in its respective capacity and in respect of itself only, makes the representations and warranties set out in this Clause 13 to each other on the date of this Agreement.

13.1. **Status**

(a) It is duly incorporated and validly existing under the law of its jurisdiction of incorporation.

(b) (In respect of the Lender only) the Lender has the power to own its assets and provide the Facilities to the Borrower. The Facilities are provided by the Lender from its legitimate funds.

(c) (In respect of the Borrower only) the Borrower has or will have sufficient funds to repay the Loans.

13.2. **Binding obligations**
The obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable.

13.3. **Non-conflict with other obligations**
The entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or its assets.

13.4. **Power and authority**
It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement.

13.5. **No proceedings pending or threatened**
No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect (in respect of the Lender, the reference to "Borrower" in the definition of "Material Adverse Effect" shall be deemed to be a reference to "Lender") have been started or threatened against it or any of its Subsidiaries.

13.6. **Solvency**
It is not insolvent or unable to pay its debts and no action, legal proceeding or other procedure or step described in Clause 15.6 (*Insolvency*) has been taken or threatened in relation to it.

13.7. **Authorised signatories**
Any person specified as its authorised signatory in this Agreement or in the documents delivered pursuant to this Agreement is authorised to sign this Agreement and any other related documents and other notices for the transactions under this Agreement on its behalf.

13.8. **Additional warranties from the Borrower**

(a) **Affiliates.** The Borrower is an Affiliate of the CN Holder.

(b) **Convertible Notes Position**. The Borrower holds or will acquire prior to the applicable Utilization Date and will continue holding Convertible Notes in the UoB Account (2024) with a principal amount no less than the principal amount of the Loans outstanding at any given time, except that the Borrower may dispose of such Convertible Notes pursuant to the terms of this Agreement.

(c) **No default.** No Event of Default is continuing or might reasonably be expected to occur after making a Utilization.

(d) **Pari passu ranking.** The Borrower's payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

The Borrower further warrants to and undertakes with the Lender that its warranties in this Clause 13 will be true and accurate till there is no amount outstanding under the Loans with reference to the facts and circumstances subsisting from time to time.

(e) **No prior liens**. Borrower has not made nor consented to, nor is aware of, any registrations, filings or recordations in any jurisdiction evidencing a security interest in the Security Assets (as defined in the Borrower Debenture), including the filing of a register of mortgages, charges and other encumbrances or filings of UCC-1 financing statements, other than with respect to liens granted to Lender under the Borrower Debenture.

14. GENERAL UNDERTAKINGS

The undertakings in this Clause 14 remain in force from the date of this Agreement for so long as any Loan and the accrued interests of the Loans is outstanding under this Agreement.

14.1. **Authorisations**
Each of the Borrower and the Lender shall promptly:

(i) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(ii) if requested, supply certified copies to each other,

any Authorisation required to enable it to perform its obligations under this Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Agreement.

14.2. **Compliance with laws**
Each of the Borrower and the Lender shall comply in all respects with all laws which it may be subject to, if failure so to comply would materially impair its ability to perform its obligations under this Agreement.

14.3. **Affiliate relationship**
To the extent there is any outstanding amount payable by the Borrower under this Agreement, the Borrower shall take all necessary actions to remain an Affiliate of the CN Holder and shall refrain from taking any action that will result in the Borrower ceasing to be an Affiliate of the CN Holder.

14.4. **Release of Security**
The Lender shall, at the request of the Borrower, execute release document and do all such acts and things as may reasonably be required to give effect to the release of applicable principal amount of the Transferred Convertible Notes and applicable amount of cash credited to the UoB Account (2024), and the Security granted over such Transferred Convertible Notes and cash under the Borrower Debenture (as the case may be) in the relevant events as permitted in this Agreement, including but not limited to (i) giving instruction (if such instruction is required in such circumstances) to UoB to facilitate such release, Disposal and payment from the UoB Account (2024) and (ii) surrendering, delivering or returning any relevant certificate or document relating to any asset subject to such Security (which certificate or document has been previously provided to the Lender by the Borrower) to the Borrower or as the Borrower directs and (iii) providing such assistance as may otherwise be required to facilitate such release.

For the avoidance of doubt, the Security granted under the Borrower Debenture shall be irrevocably and unconditionally discharged and released in full on the date when the outstanding amount of the Loans and the accrued interests of the Loans have been fully repaid.

14.5. **The UoB Account**

The Borrower shall ensure that, so long as any Loan and the accrued interests of the Loans is outstanding under this Agreement and unless otherwise required in accordance with this Agreement or as separately agreed between the Borrower and the Lender:

(i) the UoB Account (2024) will be the only account it uses for holding all the Transferred Convertible Notes and the Disposal Proceeds;

(ii) any movements instruction with respect to the Transferred Convertible Notes and cash in the UoB Account (2024) (including any transfer of the Transferred Convertible Notes for purposes of a sale of such Transferred Convertible Notes or tendering such Transferred Convertible Notes for a repurchase by IQ, transfer of Disposal Proceeds and any other type of fund movements from the UoB Account (2024)) will require instruction of the authorised signatory appointed by the Lender in accordance with the UoB Acknowledgement Letter (2024); and

(iii) any amendment, replacement or termination of the authorised signatory appointed by the Lender under the UoB Acknowledgement Letter (2024) will require prior written consent of the Lender.

The Borrower shall, if requested by the Lender, provide account statements issued by UoB showing the holding of the Convertible Notes and the cash balance in the UoB Account (2024) within five (5) Business Days after such request.

14.6. **UOB instruction.**

The Lender shall at the request of the Borrower, execute relevant document and do all such acts and things as may reasonably be required to give effect to a Disposal of the Transferred Convertible Notes or a payment from the UoB Account (2024) which is permitted in this Agreement (including give instruction to UoB in accordance with the UoB Acknowledgement Letter (2024) for such Disposal or payment).

On the date when the outstanding amount of the Loans and the accrued interests of the Loans have been fully repaid, the Lender shall do all such acts and things as may reasonably be required by UoB and the Borrower to remove its authorized signatories from the signatory list under the UoB Acknowledgement Letter (2024) and terminate the co-signatory arrangement provided thereunder.

14.7. **No other liens.**

Borrower shall not create, incur, assume or suffer to exist any lien upon the Security Assets (as defined in the Borrower Debenture), other than the liens created under the Borrower Debenture.

15. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 15 is an “Event of Default” (save for Clause 15.11 (*Acceleration*)).

15.1. **Non-payment**
The Borrower does not pay within thirty (30) days when due any interest payable by the Borrower pursuant to this Agreement in the currency in which it is expressed to be payable or the Borrower, subject to the Grace Period, does not repay the Loans on or prior to the Disposal Triggered Payment Date in violation of Clause 7 (*Borrower's right to disposal and redemption*), unless the Borrower's failure to pay is caused by administrative or technical error or Lender's failure to give instruction to UoB in accordance with this Agreement and the UoB Acknowledgement Letter (2024) for such payment.

15.2. **Conditions subsequent not satisfied**
Any of the conditions set forth in paragraphs (a) and (c) of Clause 4.2 (*Conditions subsequent for each Utilization*) is not satisfied within five (5) Business Days after the applicable Utilization Date due to any failure of the Borrower to perform its obligations under Clause 4.2 (*Conditions subsequent for each Utilization*).

15.3. **Breach of certain covenants**
(a) The Borrower fails to comply with Clause 7.2(b), Clause 14.3 (*Affiliate relationship*) and Clause 14.5 (*The UoB Account*).

(b) UoB fails to comply with the provisions in the UoB Acknowledgement Letter (2024) or the Borrower Debenture unless such failure was caused by the Lender.

(c) The Borrower modifies, amends, revokes, invalidates, terminates or otherwise renders ineffective, the UoB Acknowledgement Letter (2024), in each case, without the prior written consent of the Lender.

(d) None of the breach or fact under this Clause 15.3 constitutes any Event of Default if the Lender's written consent on such breach or fact has been obtained.

15.4. **Misrepresentation, failure to comply with other obligations**
Any representation, warranty or statement made by the Borrower in this Agreement is or proves to have been incorrect or misleading when made or deemed to be made and where such misrepresentation or misstatement has a Material Adverse Effect, or the Borrower does not comply with any provision of this Agreement (other than those referred to in Clauses 15.1 (*Non-payment*) to 15.3 (*Breach of certain covenants*)), unless the misrepresentation or non-compliance: (i) is capable of remedy; and (ii) is remedied within fifteen (15) Business Days of the earlier of (A) the Borrower becoming aware of the relevant event or circumstance and (B) the Borrower being given notice of the same by the Lender.

15.5. **Cross-default**
(a) The Borrower defaults with respect to any mortgage, agreement or other instrument, under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$5,000,000 (or the foreign currency equivalent thereof) in the aggregate by the Borrower, whether such indebtedness now exists or shall hereafter be created, (i) resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise and in each case, such indebtedness is not discharged,

or such acceleration is not otherwise cured or rescinded, within thirty (30) days; provided that, no cross-defaults shall be triggered between the Facility Agreement (2023) and this Agreement.

(b) The Parties agree that Clause 15.5(a) hereunder shall apply to the Facility Agreement (2023) as if it had been set out in full therein *mutatis mutandis* and Clause 15.5 of the Facility Agreement (2023) shall be superseded accordingly.

15.6. **Insolvency**
The Borrower is unable or admits inability to pay its debts as they fall due or a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed or any other step is taken by any person for the winding-up, insolvency, dissolution or bankruptcy of the Borrower or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Borrower or of all or any part of their respective business or assets.

15.7. **Unlawfulness**
It is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement.

15.8. **Effectiveness**
This Agreement is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms for any reason.

15.9. **Repudiation**
The Borrower repudiates this Agreement.

15.10. **Borrower Debenture**
(a) The Borrower defaults on any of its obligations under the Borrower Debenture , which materially and adversely affects the enforceability, validity or priority of the applicable security interest in the Security Assets (as defined in the Borrower Debenture), which default is either not curable or has not been remedied within thirty (30) days after written notice from the Lender.

(b) The Borrower asserts in any pleading in any court of competent jurisdiction that the security interest under the Borrower Debenture is invalid or unenforceable.

(c) (i) The Borrower Debenture shall for any reason fail to create a valid and perfected first priority lien in the Security Assets (as defined in the Borrower Debenture) or (ii) the Borrower Debenture shall fail to remain in full force or effect.

15.11. **Acceleration**
On and at any time after the occurrence of an Event of Default, the Lender may by notice to the Borrower:

(a) *declare that all or part of the Loans then outstanding, together with accrued interests be immediately due and payable, whereupon they shall become immediately due and payable;*

(b) *cancel the Commitment and reduce it to zero whereupon the Commitment shall immediately be cancelled and reduced to zero; and*

(c) *exercise any or all of its rights, remedies, powers or discretions under the Borrower Debenture.*

16. **ASSIGNMENTS AND TRANSFERS**

The Parties may not assign any of its rights or transfer any of its rights or obligations under this Agreement without prior approval of the counter party.

17. **PAYMENT MECHANICS**

17.1. **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

17.2. **Currency of account**

Unless otherwise agreed by the Parties, United States Dollars are the currency of account and payment for any sum due under this Agreement.

18. **DEFINITION OF SECURED OBLIGATIONS**

The amount of the outstanding principal and unpaid accrued interest of the Loans shall be deducted from the Secured Obligations (or 被担保义务, as applicable) (as such term is defined and used in the Security Documents and as amended by the Facility Agreement (2023)) for the purposes of the Security Documents and the last sentence beginning with "provided further that (or 前提是, as applicable)" of the definition of "Secured Obligations (or 被担保义务, as applicable)" in the Security Documents shall hereby be deleted in its entirety and replaced with the following (with all references to "Secured Obligations (or 被担保义务, as applicable)" to be further construed and all changes to be further made to the extent necessary and appropriate to fit the context under each relevant Security Document as if this had been set out in full therein *mutatis mutandis*):

for Security Documents in English:

"*provided further that the Secured Obligations shall be reduced by the amount of the outstanding principal and unpaid interest accrued of the loans made by the iQIYI HK Limited or its Affiliates to PAGAC IV-1 (Cayman) Limited or any of its Affiliates pursuant to the Facility Agreements entered into by and between, among others, iQIYI HK Limited and PAGAC IV-4 (Cayman) Limited dated as of September 27, 2023 and _____, 2024 respectively (for the avoidance of doubt, the amount that has been deducted in accordance with the aforementioned shall be resumed and added back to the Secured Obligations if the amount of the outstanding principal and unpaid interest accrued of the loans have been fully repaid).*"

for Security Documents in Chinese:

"*前提是，被担保义务应扣除iQIYI HK Limited或其关联方根据iQIYI HK Limited和 PAGAC IV-4 (Cayman) Limited及其他方分别于2023年9月27日和2024年8月8日签订的借款协议(Facility Agreement)向PAGAC IV-1 (Cayman) Limited或其任何关联方提供的借款的未偿还本金及累计未付利息金额（为避免歧义，如果根据前述规定已从被担保义务中扣除的借款未偿还本金及累计未付利息金额后续被全额偿还，则该等被扣除的相应金额应该被视为恢复及加回到被担保义务的范围内）。*"

19. **NOTICES**

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, by facsimile, sent by overnight courier or sent via email (with receipt confirmed) as follows:

(a) If to the Borrower, to:

Address: 33/F, Three Pacific Place, 1 Queen's Road East,

Admiralty, Hong Kong

Contact: ***

***

(b) If to the Lender, to:

Address: 3/F, iQIYI Youth Center Yoolee Plaza,

No.21, North Road of Workers' Stadium, Chaoyang District

Beijing, 100027，People's Republic of China

Contact: ***

20. **REMEDIES AND WAIVERS**

No failure of a Party to exercise, and no delay or forbearance in exercising, any right or remedy in respect of any provision of this Agreement shall operate as a waiver of any such right or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy shall be in writing and signed by the Party giving the waiver. A Party that waives a right or remedy provided under this Agreement or by law in relation to another Party, or takes or fails to take any actions against such Party, does not affect its right in relation to any other Party.

21. **AMENDMENTS AND WAIVERS**

Any term of this Agreement may be amended or otherwise modified only with the written consents of all the Parties hereto.

Unless otherwise expressly provided in this Agreement, a Party hereto may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Agreement.

22. GOVERNING LAW

This Agreement shall be governed by and its provisions construed and enforced in accordance with the laws of Hong Kong without regard to the conflict of laws principles thereof.

23. ENFORCEMENT

23.1. Arbitration

(a) Any dispute, controversy, difference or claim arising out of or relating solely to this Agreement, including any question regarding its existence, validity, interpretation, performance, breach or termination or any dispute regarding non-contractual obligations arising out of or relating to it, shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. Each of the Parties has the right to appoint one arbitrator and the third arbitrator shall be appointed by the HKIAC. The language to be used in the arbitration proceedings shall be English. The seat of arbitration shall be in Hong Kong.

(b) Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, immunity to post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby.

24. OTHER PROVISIONS

Sections 7.6 (*Counterparts*), 7.7 (*Confidentiality; Public Announcements*), 7.11 (*Severability*) and 7.12 (*Specific Performance*) of the Investment Agreement shall apply to this Agreement as if they had been set out in full herein *mutatis mutandis*.

25. SECURITY

The performance by the Borrower of its obligations under this Agreement shall be secured by the Security granted under the Borrower Debenture.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

CONDITIONS PRECEDENT

SCHEDULE 2

UTILIZATION REQUEST

SCHEDULE 3

FORM OF PARTIAL RELEASE AGREEMENT OF SECURITY

SCHEDULE 4

FORM OF PREPAYMENT NOTICE

SCHEDULE 5

FORM OF DISPOSAL NOTICE

SCHEDULE 6

FORM OF UOB ACKNOWLEDGEMENT LETTER

SIGNATURE PAGE

The Borrower

PAGAC IV-4 (Cayman) Limited

/s/ Koichi Ito

Name:	Koichi Ito
Title:	Authorized Signatory
Address:	***
Email:	***
Attention:	***

SIGNATURE PAGE

The Lender

iQIYI HK Limited

/s/ YU GONG

Name:	YU GONG
Title:	Director
Address:	***
Email:	***
Attention:	***

SIGNATURE PAGE

For the purposes of Clause 18 (*Definition of Secured Obligations*):

PAGAC IV-1 (Cayman) Limited, in its capacity as a holder of Convertible Notes and the Security Agent under the Security Documents

/s/ Koichi Ito

Name:	Koichi Ito
Title:	Authorized Signatory
Address:	***
Email:	***
Attention:	***

SIGNATURE PAGE

For the purposes of Clause 18 (*Definition of Secured Obligations*):

iQIYI, Inc., on behalf of itself and its Subsidiaries that are parties to the Security Documents

/s/ YU GONG

Name:	YU GONG
Title:	Director
Address:	***
Email:	***
Attention:	***

Exhibit 4.87

CONFIDENTIAL

EXECUTION VERSION

dated November 28, 2024

for

PAGAC IV-4 (CAYMAN) LIMITED

as Borrower

and

iQIYI HK Limited

as Lender

AMENDMENT AND RESTATEMENT AGREEMENT

to the US$322,500,000 Facility Agreement dated August 8, 2024

THIS AGREEMENT is dated November 28, 2024 and is made

BETWEEN:

(1) **PAGAC IV-4 (Cayman) Limited**, an exempted company incorporated in Cayman Islands, as borrower (the "**Borrower**"); and

(2) **iQIYI HK Limited**, a company incorporated in Hong Kong, as Lender (the "**Lender**").

BACKGROUND

(A) The Borrower and the Lender enter into this Agreement in connection with the Original Facility Agreement (as defined below).

(B) The Parties intend that this Agreement will amend and restate the Original Facility Agreement on the date hereof.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined hereunder, in this Agreement:

"**Amended and Restated Facility Agreement**" means the Original Facility Agreement as amended and restated by this Agreement in the form set out in Schedule 1 (*Amended and Restated Facility Agreement*) to this Agreement.

"**Original Facility Agreement**" means the facility agreement originally dated August 8, 2024 entered into by, among others, the Borrower and the Lender in relation to a term loan facility in an amount up to US$322,500,000 granted by the Lender to the Borrower.

1.2 Construction

(a) Unless otherwise expressly defined in this Agreement or the context otherwise requires, words and expressions defined in the Original Facility Agreement shall have the same meaning in this Agreement.

(b) The provisions of clause 1.2 (*Construction*) of the Original Facility Agreement shall apply to this Agreement as if set out in full herein with any reference therein to "this Agreement" being construed as a reference to this Agreement.

2. AMENDMENTS TO THE ORIGINAL FACILITY AGREEMENT

2.1. Amended and Restated Facility Agreement

The Parties agree that the Original Facility Agreement shall be amended and restated by this Agreement on the date hereof so that the Original Facility Agreement shall read as if it were amended and restated as the Amended and Restated Facility Agreement in the form set out in Schedule 1 (*Amended and Restated Facility Agreement*).

2.2. Continuation

(a) Save as expressly provided in this Agreement, nothing in this Agreement shall constitute or be construed as a waiver or compromise of any term or condition of the Original Facility Agreement or of the rights of the Parties in relation to the Original Facility Agreement.

(b) On and from the date hereof, references in the Original Facility Agreement to "this Agreement", "hereunder", "herein" and like terms or to any provision of the Original Facility Agreement shall be construed as a reference to the Amended and Restated Facility Agreement, or a provision of the Amended and Restated Facility Agreement, as applicable.

3. MISCELLANEOUS

(a) The provisions of clause 19 (*Notice*), clause 21 (*Amendments and waivers*), clause 22 (*Governing law*) and clause 23 (*Enforcement*) of the Original Facility Agreement shall apply to this Agreement as if set out in full herein with any reference therein to “this Agreement” being construed as a reference to this Agreement.

(b) This Agreement may be executed and delivered in any number of counterparts (including by e-mail transmission), and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

THIS Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1

Amended and Restated Facility Agreement

SIGNATURE PAGE

[*NOT RESTATED*]

Signature Page to the Amendment and Restatement Agreement

SIGNATURE PAGE

The Borrower

PAGAC IV-4 (Cayman) Limited

/s/ Koichi Ito

Name: Koichi Ito

Title: Authorized Signatory

Address: ***

Email: ***

Attention: ***

SIGNATURE PAGE

The Lender

iQIYI HK Limited

/s/ YU GONG

Name: YU GONG

Title: Director

Address: ***

Email: ***

Attention: ***

Exhibit 4.88

IQIYI, INC.

AND

CITIBANK, N.A.,

as Trustee

INDENTURE

Dated as of February 24, 2025

4.625% Convertible Senior Notes due 2030

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INDENTURE dated as of February 24, 2025 between IQIYI, INC., a Cayman Islands exempted company, as issuer (the "**Company**," as more fully set forth in Section 1.01) and CITIBANK, N.A., a national banking association, as trustee (the "**Trustee**," as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 4.625% Convertible Senior Notes due 2030 (the "**Notes**"), initially in an aggregate principal amount not to exceed US$350,000,000, and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Form of Note, the certificate of authentication to be borne by each Note, the Form of Notice of Conversion, the Form of Fundamental Change Repurchase Notice, the Form of Repurchase Notice and the Form of Assignment and Transfer to be borne by the Notes are to be substantially in the forms hereinafter provided; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee, as in this Indenture provided, the valid, binding and legal obligations of the Company, and this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the Holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE I.
DEFINITIONS

Section 1.01 Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words "herein," "hereof," "hereunder" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

"**Additional ADSs**" shall have the meaning specified in Section 14.03(a).

"**Additional Amounts**" shall have the meaning specified in Section 4.07(a).

"**Additional Interest**" means all amounts, if any, payable pursuant to Section 4.06(e).

"**ADS**" means an American Depositary Share, issued pursuant to the Deposit Agreement, representing seven Class A Ordinary Shares of the Company as of the date of this Indenture, and deposited with the ADS Custodian.

"**ADS Custodian**" means JPMorgan Chase Bank, N.A., with respect to the ADSs delivered pursuant to the Deposit Agreement, or any successor entity thereto.

"**ADS Depositary**" means JPMorgan Chase Bank, N.A., as depositary for the ADSs, or any successor entity thereto.

"**ADS Price**" shall have the meaning specified in Section 14.03(c).

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding anything to the contrary herein, the determination of whether one Person is an "**Affiliate**" of another Person for purposes of this Indenture shall be made based on the facts at the time such determination is made or required to be made, as the case may be, hereunder.

"**Agent Parties**" shall have the meaning specified in Section 7.02(l).

"**Agents**" means the Paying Agent, the Transfer Agent, the Note Registrar, the Conversion Agent and the Bid Solicitation Agent, in each case, unless the Company is acting in such capacity.

"**Applicable PRC Rate**" means (i) in the case of deduction or withholding of PRC income tax, 10%, (ii) in the case of deduction or withholding of PRC value added tax (including any related local levies), 6.72%, or (iii) in the case of deduction or withholding of both PRC income tax and PRC value added tax (including any related local levies), 16.72%.

"**Authenticating Agent**" shall have the meaning specified in Section 2.11.

"**Bid Solicitation Agent**" means the Company or any Person appointed by the Company to solicit bids for the Trading Price of the Notes in accordance with Section 14.01(b)(i). The Company shall initially act as the Bid Solicitation Agent.

"**Board of Directors**" means the board of directors of the Company or a committee of such board duly authorized to act for it hereunder.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Business Day**" means, with respect to any Note, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the State of New York or the Cayman Islands or, in the case of a payment under the Indenture, place of payment are authorized or obligated by law or executive order to close; provided that, with respect to any payment or delivery upon conversion of any Note set forth in Section 14.02(c), a "Business Day" shall exclude days on which banking institutions in the Cayman Islands or Hong Kong are authorized or obligated by law or executive order to close.

"**Called Notes**" means Notes called for redemption pursuant to Article XVI or subject to a Deemed Redemption.

"**Capital Stock**" means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

"**Cash Settlement**" shall have the meaning specified in Section 14.02(a).

"**Change in Law**" shall have the meaning specified in clause (e) of the definition of "Fundamental Change" below.

"**Change in Tax Law**" shall have the meaning specified in Section 16.01(b).

"**Class A Ordinary Shares**" means the Class A ordinary shares of the Company, par value US$0.00001 per share, at the date of this Indenture, subject to Section 14.07.

"**Class B Ordinary Shares**" means the Class B ordinary shares of the Company, par value US$0.00001 per share, at the date of this Indenture.

"**Clause A Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause B Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause C Distribution**" shall have the meaning specified in Section 14.04(c).

"**close of business**" means 5:00 p.m. (New York City time).

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Combination Settlement**" shall have the meaning specified in Section 14.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Equity**" of any Person means Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Company**" shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article XI, shall include its successors and assigns.

"**Company Group**" shall have the meaning specified in clause (e) of the definition of "Fundamental Change" below.

"**Company Notice**" shall have the meaning specified in Section 15.01(a).

"**Company Order**" means a written order of the Company, signed by an Officer and delivered to the Trustee.

"**Compliance Period End Date**" shall have the meaning specified in Section 14.01(a).

"**Conversion Agent**" shall have the meaning specific in Section 4.01.

"**Conversion Consideration**" shall have the meaning specified in Section 14.14(a).

"**Conversion Date**" shall have the meaning specified in Section 14.02(c).

"**Conversion Obligation**" shall have the meaning specified in Section 14.01(a).

"**Conversion Price**" means as of any time, US$1,000, *divided by* the Conversion Rate as of such time.

"**Conversion Rate**" shall have the meaning specified in Section 14.01(a).

"**Corporate Trust Office**" means the designated office of the Trustee at which at any time this Indenture shall be administered, which office at the date hereof is located at 388 Greenwich Street, New York, New York 10013, Attention: Agency and Trust, email: citi.cspag.debt@citi.com, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the designated corporate trust office of any successor trustee (or such other address as such successor trustee may designate from time to time by notice to the Holders and the Company).

"**Daily Conversion Value**" means, for each of the 40 consecutive Trading Days during the Observation Period, 2.5% of the product of (a) the Conversion Rate in effect immediately after the close of business on such Trading Day and (b) the Daily VWAP for such Trading Day.

"**Daily Measurement Value**" means the Specified Dollar Amount (if any), *divided by* 40.

"**Daily Settlement Amount**," for each of the 40 consecutive Trading Days during the Observation Period, shall consist of:

(a) cash in an amount equal to the lesser of (i) the Daily Measurement Value and (ii) the Daily Conversion Value on such Trading Day; and

(b) if the Daily Conversion Value on such Trading Day exceeds the Daily Measurement Value, a number of ADSs equal to (i) the difference between the Daily Conversion Value and the Daily Measurement Value, *divided by* (ii) the Daily VWAP for such Trading Day.

"**Daily VWAP**" means, for each of the 40 consecutive Trading Days during the relevant Observation Period, the per ADS volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "IQ <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one ADS on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The "**Daily VWAP**" shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

"**Deemed Redemption**" shall have the meaning specified in Section 14.01(b).

"**Default**" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"**Default Settlement Method**" shall have the meaning specified in Section 14.02(a)(iii).

"**Defaulted Amounts**" means any amounts on any Note (including, without limitation, the Redemption Price, the Fundamental Change Repurchase Price, the Repurchase Price, principal and interest) that are payable but are not punctually paid or duly provided for.

"**delivered**" means, with respect to any notice to be delivered, given or mailed to a Holder pursuant to this Indenture, notice (x) given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee, including by electronic mail in accordance with accepted practices or procedures at the Depositary (in the case of a Global Note) or (y) mailed to such Holder by first class mail, postage prepaid, at its address as it appears on the Note Register, in each case in accordance with Section 17.03. Notice so "delivered" shall be deemed to include any notice to be "mailed" or "given," as applicable, under this Indenture.

"**Deposit Agreement**" means the Deposit Agreement, dated as of March 28, 2018, among the Company, the ADS Depositary, and the holders and owners from time to time of the ADSs issued thereunder, delivered thereunder or, if amended or supplemented as provided therein, as so amended or supplemented.

"**Depositary**" means, with respect to each Global Note, the Person specified in Section 2.05(c) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "**Depositary**" shall mean or include such successor.

"**Designated Financial Institution**" shall have the meaning specified in Section 14.14(a).

"**Distributed Property**" shall have the meaning specified in Section 14.04(c).

"**DTC**" means The Depository Trust Company, a New York corporation.

"**Effective Date**" shall have the meaning specified in Section 14.03(c), except that, as used in Section 14.04 and Section 14.05, "**Effective Date**" means the first date on which ADSs trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

"**Event of Default**" shall have the meaning specified in Section 6.01.

"**Ex-Dividend Date**" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Company or, if applicable, from the seller of the ADSs on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Election**" shall have the meaning specified in Section 14.14(a).

"**Existing Substantial Holder**" means PAGAC IV-1 (Cayman) Limited and any other "person" or "group" subject to aggregation or attribution of the Company's share capital with such Person under Section 13(d) of the Exchange Act.

"**Expiring Rights**" means any rights, options or warrants to purchase Class A Ordinary Shares or ADSs that expire on or prior to the Maturity Date.

"**FATCA**" shall have the meaning specified in Section 4.07(a)(i)(D).

"**Force Majeure Event**" shall mean any event (including but not limited to an act of God, fire, epidemics, explosion, floods, earthquakes, typhoons, accidents, nuclear or natural catastrophes; riot, civil or military commotion or unrest, insurrection, terrorism, war, work stoppages including strikes or lockouts; nationalisation, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; and breakdown, failure or malfunction of any utilities, telecommunications, computer services or systems (software and hardware), or other causes) beyond the control of any party which restricts or prohibits the performance of the obligations of such party contemplated by this Indenture.

"**Form of Assignment and Transfer**" shall mean the "Form of Assignment and Transfer" attached as Attachment 4 to the Form of Note attached hereto as Exhibit A.

"**Form of Fundamental Change Repurchase Notice**" shall mean the "Form of Fundamental Change Repurchase Notice" attached as Attachment 2 to the Form of Note attached hereto as Exhibit A.

"**Form of Note**" shall mean the "Form of Note" attached hereto as Exhibit A.

"**Form of Notice of Conversion**" shall mean the "Form of Notice of Conversion" attached as Attachment 1 to the Form of Note attached hereto as Exhibit A.

"**Form of Repurchase Notice**" shall mean the "Form of Repurchase Notice" attached as Attachment 3 to the Form of Note attached hereto as Exhibit A.

"**Fundamental Change**" shall be deemed to have occurred at the time after the Notes are originally issued if any of the following occurs:

(a) except as described in clause (b) below, (A) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, its Subsidiaries, the employee benefit plans of the Company and its Subsidiaries and any Permitted Holder, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Company's ordinary share capital (including ordinary share capital held in the form of ADSs) representing more than 50% of the voting power of the Company's ordinary share capital or (B) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Existing Substantial Shareholder, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of more than 50% of the Company's then outstanding Class A Ordinary Shares (including Class A Ordinary Shares held in the form of ADSs); *provided*, however, that for purposes of clause (B), in calculating the beneficial ownership percentage of the Class A Ordinary Shares held by any Permitted Holder, any Class A Ordinary Shares (including Class A Ordinary Shares held in the form of ADSs) issued or issuable on conversion of Class B Ordinary Shares, or conversion, exchange or exercise of other securities, in any such case beneficially owned directly or indirectly by any Permitted Holder on February 20, 2025 or issued or issuable by the Company to any Permitted Holder after February 20, 2025 pursuant to rights attached to, or a dividend or other distribution on, any such Class B Ordinary Shares or other securities so owned on February 20, 2025 (or any Class A Ordinary Shares into which they may convert or be exchanged or exercised) shall be excluded from both the numerator and denominator, or (C) the Existing Substantial Holder files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of more than 75% of the Company's outstanding Class A Ordinary Shares (including Class A Ordinary Shares held in the form of ADSs);

(b) the consummation of (A) any recapitalization, reclassification or change of the Class A Ordinary Shares or the ADSs (other than changes resulting from a subdivision or combination) as a result of which the Class A Ordinary Shares or the ADSs would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Company or any similar transaction pursuant to which the Class A Ordinary Shares or the ADSs will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries and consolidated affiliated entities, taken as a whole, to any Person other than one of the Company's Subsidiaries or consolidated affiliated entities; *provided*, *however*, that a transaction described in clause (A) or (B) in which the holders of all classes of the Company's ordinary share capital immediately prior

to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions vis-à-vis each other as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company;

(d) the ADSs (or Class A Ordinary Shares or other Common Equity or American depositary shares in respect of Reference Property) cease to be listed or quoted on any of the Nasdaq Global Select Market, the Nasdaq Global Market or The New York Stock Exchange (or any of their respective successors) and none of the ADSs, Class A Ordinary Shares, other Common Equity and American depositary shares in respect of Reference Property is listed or quoted on one of the Nasdaq Global Select Market, the Nasdaq Global Market or The New York Stock Exchange (or any of their respective successors) within one Trading Day of such cessation; or

(e) any change in, or any amendment to, the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a "**Change in Law**") that results in (x) the Company, its Subsidiaries and its consolidated affiliated entities (collectively, the "**Company Group**") (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Company Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Company's consolidated financial statements for the most recent fiscal quarter and (y) the Company being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Company Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the Company's consolidated financial statements for the most recent fiscal quarter;

provided, *however*, that a transaction or event described in clause (a) or (b) above shall not constitute a Fundamental Change, if at least 90% of the consideration received or to be received by holders of the ADSs, excluding cash payments for fractional ADSs and cash payments made pursuant to dissenters' appraisal rights, in connection with such transaction or event consists of shares of Common Equity or American depositary shares in respect of Common Equity that are listed or quoted on any of the Nasdaq Global Select Market, the Nasdaq Global Market or The New York Stock Exchange (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or event and as a result of such transaction or event such consideration, excluding cash payments for fractional ADSs, becomes Reference Property for the Notes.

"**Fundamental Change Company Notice**" shall have the meaning specified in Section 15.02(c).

"**Fundamental Change Repurchase Date**" shall have the meaning specified in Section 15.02(a).

"**Fundamental Change Repurchase Notice**" shall have the meaning specified in Section 15.02(b)(i).

"**Fundamental Change Repurchase Price**" shall have the meaning specified in Section 15.02(a).

"**Global Note**" shall have the meaning specified in Section 2.05(b).

"**Holder**," as applied to any Note, or other similar terms, shall mean any Person in whose name at the time a particular Note is registered on the Note Register; provided that, for the avoidance of doubt, the sole registered Holder of a Global Note shall be the Depositary or its nominee.

"**Indenture**" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"**Interest Payment Date**" means each March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2025.

"**Last Reported Sale Price**" of the ADSs on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the ADSs are traded. If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "**Last Reported Sale Price**" shall be the last quoted bid price for the ADSs in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the ADSs are not so quoted, the "**Last Reported Sale Price**" shall be the average of the mid-point of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

"**Make-Whole Fundamental Change**" means any transaction or event described in clause (a), (b), (d) or (e) of the definition of Fundamental Change (determined after giving effect to any exceptions to or exclusions from such definition, including in the *proviso* immediately succeeding clause (e) of the definition thereof, but without regard to the *proviso* in clause (b) of the definition thereof).

"**Market Disruption Event**" means, for the purposes of determining amounts due upon conversion (a) a failure by the primary U.S. national or regional securities exchange or market on which the ADSs are listed or admitted for trading to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m., New York City time, on any Scheduled Trading Day for the ADSs for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in the ADSs or in any options contracts or futures contracts relating to the ADSs.

"**Maturity Date**" means March 15, 2030.

"**Measurement Period**" shall have the meaning specified in Section 14.01(b)(i).

"**Merger Event**" shall have the meaning specified in Section 14.07(a).

"**New Listing Reference Date**" shall have the meaning specified in Section 15.02(e).

"**Note**" or "**Notes**" shall have the meaning specified in the first paragraph of the recitals of this Indenture.

"**Note Register**" shall have the meaning specified in Section 2.05(a).

"**Note Registrar**" shall have the meaning specified in Section 2.05(a).

"**Notes Fungibility Date**" means the date, if any, following the Resale Restriction Termination Date on which all of the Notes are no longer Restricted Securities, do not bear the restrictive legend required by Section 2.05(c), are fungible for U.S. securities law purposes and are assigned an identical, unrestricted CUSIP number.

"**Notice of Conversion**" shall have the meaning specified in Section 14.02(b).

"**Observation Period**" with respect to any Note surrendered for conversion means: (i) subject to clause (ii), if the relevant Conversion Date occurs prior to September 15, 2029, the 40 consecutive Trading Day period beginning on, and including, the second Trading Day immediately succeeding such Conversion Date; (ii) if the relevant Conversion Date for any Called Notes occurs on or after the date of the Company's issuance of a Redemption Notice with respect to the Notes pursuant to Article XVI and prior to the relevant Redemption Date, the 40 consecutive Trading Days beginning on, and including, the 41st Scheduled Trading Day immediately preceding such Redemption Date; and (iii) subject to clause (ii), if the relevant Conversion Date occurs on or after September 15, 2029, the 40 consecutive Trading Days beginning on, and including, the 41st Scheduled Trading Day immediately preceding the Maturity Date.

"**Offering Memorandum**" means the preliminary offering memorandum dated February 20, 2025, as supplemented by the pricing term sheet dated February 20, 2025, relating to the offering and sale of the Notes.

"**Officer**" means, with respect to the Company, the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer, the Secretary, or any Vice President (in each case, whether or not such person is designated by a number or numbers or word or words added before or after the title of such person).

"**Officer's Certificate**," when used with respect to the Company, means a certificate that is delivered to the Trustee and that is signed by an Officer of the Company. Each such certificate shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section. The Officer giving an Officer's Certificate pursuant to Section 4.09 shall be the principal executive, financial or accounting officer of the Company.

"**open of business**" means 9:00 a.m. (New York City time).

"**Opinion of Counsel**" means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel who is reasonably acceptable to the Trustee, that is delivered to the Trustee, which opinion may contain customary exceptions and qualifications as to the matters set forth therein. Each such opinion shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section 17.06.

"**Optional Redemption**" shall have the meaning specified in Section 16.01.

"Optional Redemption Date" shall have the meaning specified in Section 16.02(b).

"**Optional Redemption Notice**" shall have the meaning specified in Section 16.02(b).

"**Ordinary Shares**" means the Class A Ordinary Shares and the Class B Ordinary Shares.

"**outstanding**," when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

(a) Notes theretofore canceled by the Trustee or accepted by the Trustee for cancellation;

(b) Notes, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited with the Trustee or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent);

(c) Notes that have been paid pursuant to Section 2.06 or Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by protected purchasers in due course;

(d) Notes converted pursuant to Article XIV and required to be cancelled pursuant to Section 2.08;

(e) Notes redeemed pursuant to Article XVI; and

(f) Notes repurchased by the Company pursuant to the third sentence of Section 2.10.

"**Paying Agent**" shall have the meaning specific in Section 4.01.

"**Paying Agent Office**" means the designated office of the Paying Agent at which at any time this Indenture shall be administered, which office at the date hereof is located at 388 Greenwich Street, New York, New York 10013, Attention: Agency and Trust, email: citi.cspag.debt@citi.com, or such other address as the Paying Agent may designate from time to time by notice to the Holders and the Company, or the designated office of any successor paying agent (or such other address as such successor paying agent may designate from time to time by notice to the Holders and the Company).

"**Permitted Exchange**" means The Stock Exchange of Hong Kong, The London Stock Exchange or The Stock Exchange of Singapore.

"**Permitted Holder**" means (i) any holder or "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Class B Ordinary Shares as of February 20, 2025 and permitted transferees of such holder or beneficial owner under the terms of the Class B Ordinary Shares as of February 20, 2025 and (ii) any "group" within the meaning of Section 13(d) of the Exchange Act consisting of one or more Permitted Holders.

"**Person**" means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

"**Physical Notes**" means permanent certificated Notes in registered form issued in minimum denominations of US$200,000 principal amount and integral multiples of US$200,000 in excess thereof.

"**Physical Settlement**" shall have the meaning specified in Section 14.02(a).

"**PRC**" means the People's Republic of China, excluding, for the purpose of this Indenture only, Taiwan, Hong Kong, and Macau.

"**PRC Enterprise Income Tax Law**" means the Enterprise Income Tax Law of the People's Republic of China, adopted on March 16, 2007 (as subsequently amended or substituted).

"**Predecessor Note**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note that it replaces.

"**Record Date**" means, with respect to any dividend, distribution or other transaction or event in which the holders of the ADSs (or other applicable security) have the right to receive any cash, securities or other property or in which the ADSs (or such other security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the ADSs (or such other security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors, statute, contract or otherwise).

"**Redemption Date**" means a Tax Redemption Date or an Optional Redemption Date, as the context requires.

"**Redemption Notice**" means a Tax Redemption Notice or an Optional Redemption Notice, as the context requires.

"**Redemption Period**" shall have the meaning specified in Section 14.01(b)(v).

"**Redemption Price**" means a Tax Redemption Price or an Optional Redemption Price, as the context requires.

"**Redemption Reference Date**" shall have the meaning specified in Section 14.03(g).

"**Redemption Reference Price**" shall have the meaning specified in Section 14.03(g).

"**Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Regular Record Date**," with respect to any Interest Payment Date, shall mean the March 1, June 1, September 1 or December 1 (whether or not such day is a Business Day) immediately preceding the applicable March 15, June 15, September 15 or December 15 Interest Payment Date, respectively.

"**Regulation S**" means Regulation S under the Securities Act or any successor to such regulation.

"**Relevant Jurisdiction**" shall have the meaning specified in Section 4.07(a).

"**Relevant Taxing Jurisdiction**" shall have the meaning specified in Section 4.07(a).

"**Repurchase Date**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Expiration Time**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Notice**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Price**" shall have the meaning specified in Section 15.01(a).

"**Resale Restriction Termination Date**" shall have the meaning specified in Section 2.05(c).

"**Responsible Officer**" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter relating to this Indenture is referred because of such Person's knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Indenture.

"**Restricted Issuance Agreement**" means the restricted issuance agreement dated as of or about the date hereof by and among the Company, the ADS Depositary and the holders and beneficial owners of the restricted ADSs delivered thereunder or, if amended or supplemented as provided therein, as so amended or supplemented.

"**Restricted Securities**" shall have the meaning specified in Section 2.05(c).

"**Rule 144**" means Rule 144 as promulgated under the Securities Act.

"**Rule 144A**" means Rule 144A as promulgated under the Securities Act.

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day on the principal U.S. national or regional securities exchange or market on which the ADSs are listed or admitted for trading. If the ADSs are not so listed or admitted for trading, "**Scheduled Trading Day**" means a Business Day.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Settlement Amount**" shall have the meaning specified in Section 14.02(a)(iv).

"**Settlement Method**" means, with respect to any conversion of Notes, Physical Settlement, Cash Settlement or Combination Settlement, as elected (or deemed to have been elected) by the Company.

"**Settlement Method Election Deadline**" shall have the meaning specified in Section 14.02(a)(iii).

"**Settlement Notice**" shall have the meaning specified in Section 14.02(a)(iii).

"**Significant Subsidiary**" means a Subsidiary of the Company that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act. Each of the Company's consolidated affiliated entities will be deemed to be a "subsidiary" for the purposes of the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X.

"**Specified Dollar Amount**" means the maximum cash amount per US$1,000 principal amount of Notes to be received upon conversion as specified in the Settlement Notice related to any converted Notes (or deemed specified pursuant to Section 14.02(a)(iii)).

"**Spin-Off**" shall have the meaning specified in Section 14.04(c).

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person. For the avoidance of doubt, the term "Subsidiary" or "Subsidiaries" should include the Company's consolidated affiliated entities, including its variable interest entities and their Subsidiaries.

"**Successor Company**" shall have the meaning specified in Section 11.01(a).

"Tax Redemption Date" shall have the meaning specified in Section 16.01(b).

"Tax Redemption Price" shall have the meaning specified in Section 16.01(b).

"**Trading Day**" means a day on which (i) trading in the ADSs (or other security for which a closing sale price must be determined) generally occurs on the Nasdaq Global Select Market or, if the ADSs (or such other security) are not then listed on the Nasdaq Global Select Market, on the principal other U.S. national or regional securities exchange on which the ADSs (or such other security) are then listed or, if the ADSs (or such other security) are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs (or such other security) are then traded and (ii) a Last Reported Sale Price for the ADSs (or closing sale price for such other security) is available on such securities exchange or market; *provided* that, if the ADSs (or such other security) are not so listed or traded, "**Trading Day**" means a Business Day; and *provided*, *further*, that for purposes of determining amounts due upon conversion only, "**Trading Day**" means a day on which (x) there is no Market Disruption Event and (y) trading in the ADSs generally occurs on the Nasdaq Global Select Market or, if the ADSs are not then listed on the Nasdaq Global Select Market, on the principal other U.S. national or regional securities exchange on which the ADSs are then listed or, if the ADSs are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs are then listed or admitted for trading, except that if the ADSs are not so listed or admitted for trading, "**Trading Day**" means a Business Day.

"**Trading Price**" means, with respect to the Notes on any date of determination, the average of the secondary market bid quotations obtained by the Bid Solicitation Agent for US$1,000,000 principal amount of Notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers the Company selects for this purpose; *provided* that if three such bids cannot reasonably be obtained by the Bid Solicitation Agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Bid Solicitation Agent, that one bid shall be used. If the Bid Solicitation Agent cannot reasonably obtain at least one bid for US$1,000,000 principal amount of Notes from a nationally recognized securities dealer on any determination date, then the Trading Price per US$1,000 principal amount of Notes on such determination date shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate.

"**transfer**" shall, as used in Section 2.05(c) and Section 2.05(d), have the meaning specified in Section 2.05(c).

"**Transfer Agent**" means Citibank, N.A., including any successor transfer agent.

"**Trigger Event**" shall have the meaning specified in Section 14.04(c).

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this Indenture until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder.

"**unit of Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Valuation Period**" shall have the meaning specified in Section 14.04(c).

Section 1.02 References to Interest. Unless the context otherwise requires, any reference to interest on, or in respect of, any Note in this Indenture shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to Section 4.06(e). Unless the context otherwise requires, any express mention of Additional Interest in any provision hereof shall not be construed as excluding Additional Interest in those provisions hereof where such express mention is not made.

ARTICLE II.
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.01 Designation and Amount. The Notes shall be designated as the "4.625% Convertible Senior Notes due 2030." The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is initially limited to US$350,000,000, subject to Section 2.10 and except for Notes authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Notes pursuant to Section 2.05, Section 2.06, Section 2.07, Section 10.04, Section 14.02 and Section 15.04.

Section 2.02 Form of Notes. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Depositary, or as may be required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officer executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

Each Global Note shall represent such principal amount of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect redemptions, repurchases, cancellations, conversions, transfers or exchanges permitted hereby. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the

amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Registrar, at the direction of the Trustee in such manner and upon instructions given by the Holder of such Notes in accordance with this Indenture. Payment of principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, a Global Note shall be made to the Holder of such Note on the date of payment, unless a record date or other means of determining Holders eligible to receive payment is provided for herein.

Section 2.03 Date and Denomination of Notes; Payments of Interest and Defaulted Amounts. (a) The Notes shall be issuable in registered form without coupons in minimum denominations of US$200,000 principal amount and integral multiples of US$200,000 in excess thereof. Each Note shall be dated the date of its authentication and shall bear interest from the date specified on the face of such Note. Accrued interest on the Notes shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed over a 30-day month.

(b) The Person in whose name any Note (or its Predecessor Note) is registered on the Note Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. Interest shall be payable at the office or agency of the Company maintained by the Company for such purposes in the contiguous United States, which shall initially be the Paying Agent Office. The Company shall pay, or cause the Paying Agent to pay (to the extent funded by the Company) the principal amount of, and interest (i) on any Physical Notes to Holders holding Physical Notes by wire transfer in immediately available funds to the account within the United States specified by the Holder or (ii) on any Global Note by wire transfer of immediately available funds to the account of the Depositary or its nominee.

(c) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Amounts, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of the Defaulted Amounts proposed to be paid on each Note and the date of the proposed payment (which shall be not less than 25 days after the receipt by the Trustee of such notice, unless the Trustee in its sole discretion shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts as in this clause provided. Thereupon the Company shall fix a special record date for the

payment of such Defaulted Amounts which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment, and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Company shall promptly notify the Trustee and Holders of the proposed payment of such Defaulted Amounts and the special record date therefor at its address as it appears in the Note Register or by electronic means to the Depositary in the case of Global Notes, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Amounts and the special record date therefor having been so delivered, such Defaulted Amounts shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c). The Trustee shall have no responsibility whatsoever for the calculation of any Defaulted Amounts.

(ii) The Company may make payment of any Defaulted Amounts in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 2.04 Execution, Authentication and Delivery of Notes. The Notes shall be signed in the name and on behalf of the Company by the manual or electronic signature of any of its Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or any of its Executive or Senior Vice Presidents. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by the Trustee.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder; *provided* that, with respect to any issuance of Notes after the initial issuance of Notes on or about the date of this Indenture, the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel with respect to the issuance, authentication and delivery of such Notes.

The Company Order shall specify the amount of Notes to be authenticated, the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes. The Trustee shall thereupon authenticate and deliver said Notes pursuant to the written order of the Company (as set forth in such Company Order).

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the Form of Note attached as Exhibit A hereto, executed manually or electronically by an authorized officer of the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Notes shall cease to be such Officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Notes had not ceased to be such Officer of the Company; and any Note may be signed on behalf of the Company by such Persons as, at the actual date of the execution of such Note, shall be the Officers of the Company, although at the date of the execution of this Indenture any such Person was not such an Officer.

Section 2.05 Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary. (a) The Company shall cause to be kept at the Paying Agent Office a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. Citibank, N.A. is hereby initially appointed the "**Note Registrar**" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-Note Registrars in accordance with Section 4.02.

Prior to the Notes Fungibility Date, upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture. Following the Notes Fungibility Date, upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and not bearing the restrictive legends required by Section 2.05(c).

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange, repurchase or conversion shall (if so required by the Company, the Trustee, the Note Registrar or any co-Note Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Transfer Agent, the ADS Depositary, the Note Registrar, any co-Note Registrar or the Paying Agent for any exchange or registration of transfer of Notes, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of new Notes issued upon such exchange or registration of transfer being different from the name of the Holder of the old Notes surrendered for exchange or registration of transfer. The Company shall pay the ADS Depositary's fees for issuance of the ADSs.

None of the Company, the Trustee, the Note Registrar or any co-Note Registrar shall be required to exchange or register a transfer of (i) any Notes surrendered for conversion or, if a portion of any Note is surrendered for conversion, such portion thereof surrendered for conversion, (ii) any Notes, or a portion of any Note, surrendered for repurchase (and not withdrawn) in accordance with Article XV or (iii) any Notes selected for redemption in accordance with Article XVI.

All Notes issued upon any registration of transfer or exchange of Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, subject to the fourth paragraph from the end of Section 2.05(c) all Notes shall be represented by one or more Notes in global form (each, a "**Global Note**") registered in the name of the Depositary or the nominee of the Depositary. The transfer and exchange of beneficial interests in a Global Note that does not involve the issuance of a Physical Note shall be effected through the Depositary in accordance with this Indenture (including the restrictions on transfer set forth herein) and the applicable procedures of the Depositary therefor.

(c) Every Note that bears or is required under this Section 2.05(c) to bear the legend set forth in this Section 2.05(c) (together with any ADSs (including the Class A Ordinary Shares represented thereby) delivered upon conversion of the Notes that is required to bear the legend set forth in Section 2.05(d), collectively, the "**Restricted Securities**") shall be subject to the restrictions on transfer set forth in this Section 2.05(c) (including the legend set forth below), unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(c) and Section 2.05(d), the term "**transfer**" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the date (the "**Resale Restriction Termination Date**") that is the later of (1) the date that is one year after the last date of original issuance of the Notes, or such shorter period of time as permitted by Rule 144 or any successor provision thereto, and (2) such later date, if any, as may be required by applicable law, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than ADSs (including the Class A Ordinary Shares represented thereby) issued upon conversion thereof, which shall bear the legend set forth in Section 2.05(d), if applicable) shall bear a legend in substantially the following form (unless such Notes have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**DISTRIBUTION COMPLIANCE PERIOD END DATE**") THAT IS 40 DAYS AFTER THE DATE OF ORIGINAL ISSUANCE HEREOF, ONLY (A) TO IQIYI, INC. (THE "**COMPANY**") OR ONE OF ITS SUBSIDIARIES OR (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS SECURITY OR A BENEFICIAL INTEREST HEREIN.

No transfer of any Note prior to the Resale Restriction Termination Date will be registered by the Note Registrar unless the applicable box on the Form of Assignment and Transfer has been checked.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Note for exchange to the Note Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall be entitled to instruct the Trustee in writing to so surrender any Global Note as to which such restrictions on transfer shall have expired in accordance with their terms for exchange, and, upon such instruction, the Trustee shall so surrender such Global Note for exchange; and any new Global Note so exchanged therefor shall not bear the restrictive legend specified in this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee in writing upon the occurrence of the Resale Restriction Termination Date and after a registration statement, if any, with respect to the Notes or the ADSs (including the Class A Ordinary Shares represented thereby) issued upon conversion of the Notes has been declared effective under the Securities Act. Any exchange pursuant to the foregoing paragraph shall be in accordance with the applicable procedures of the Depositary.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.05(c)), a Global Note may not be transferred as a whole or in part except (i) by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary and (ii) for exchange of a Global Note or a portion thereof for one or more Physical Notes in accordance with the second immediately succeeding paragraph.

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints DTC to act as Depositary with respect to each Global Note. Initially, each Global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Trustee as custodian for Cede & Co.

If (i) the Depositary notifies the Company at any time that the Depositary is unwilling or unable to continue as securities depositary for the Global Notes and a successor depositary is not appointed within 90 days, (ii) the Depositary ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days or (iii) an Event of Default with respect to the Notes has occurred and is continuing and, subject to the Depositary's applicable procedures, a beneficial owner of any Note requests that its beneficial interest therein be issued as a Physical Note, the Company shall execute, and the Trustee, upon receipt of an Officer's Certificate and a Company Order for the authentication and delivery of Notes, shall authenticate and deliver (x) in the case of clause (iii), a Physical Note to such beneficial owner in a principal amount equal to the principal amount of such Note corresponding to such beneficial owner's beneficial interest and (y) in the case of clause (i) or (ii), Physical Notes to each beneficial owner of the related Global Notes (or a portion thereof) in an aggregate principal amount equal to the aggregate principal amount of such Global Notes in exchange for such Global Notes, and upon delivery of the Global Notes to the Trustee such Global Notes shall be canceled.

Physical Notes issued in exchange for all or a part of the Global Note pursuant to this Section 2.05(c) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, or, in the case of clause (iii) of the immediately preceding paragraph, the relevant beneficial owner, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Physical Notes to the Persons in whose names such Physical Notes are so registered.

At such time as all interests in a Global Note have been converted, canceled, repurchased, redeemed or transferred, such Global Note shall be, upon receipt thereof, canceled by the Trustee in accordance with standing procedures and existing instructions of the Depositary. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Physical Notes, converted, canceled, repurchased, redeemed or transferred to a transferee who receives Physical Notes therefor or any Physical Note is exchanged or transferred for part of such Global Note, the principal amount of such Global Note shall, in accordance with the standing procedures and existing instructions of the Depositary, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Global Note, by the Trustee, to reflect such reduction or increase.

None of the Company, the Trustee, any agent of the Company or any agent of the Trustee shall have any responsibility or liability for the payment of amounts to beneficial holders, any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Note or maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) Until the Resale Restriction Termination Date, any certificate representing ADSs (including the Class A Ordinary Shares represented thereby) issued upon conversion of a Note shall bear a legend in substantially the following form (unless such ADSs (including the Class A Ordinary Shares represented thereby) have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such ADS or the Class A Ordinary Shares represented thereby have been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company with written notice thereof to the Trustee and the ADS Depositary):

THE AMERICAN DEPOSITARY SHARES EVIDENCED HEREBY AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (a) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (b) LOCATED OUTSIDE THE UNITED STATES AND IS NOT A U.S. PERSON (WITHIN THE MEANING OF

REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT, AND HAS NOT BEEN FOR THE IMMEDIATELY PRECEDING THREE MONTHS, AN AFFILIATE OF IQIYI, INC. (THE "**COMPANY**"), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY, THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE OF THE NOTES UPON CONVERSION OF WHICH THIS SECURITY HAS BEEN ISSUED OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT, OR

(D) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR OTHER EXEMPTIONS FROM, OR TRANSACTIONS NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE COMPANY AND THE ADS DEPOSITARY RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS SECURITY, OR A BENEFICIAL INTEREST HEREIN OR THEREIN.

THE LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER, PROVIDED THAT THE COMPANY AND THE ADS DEPOSITARY RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE LEGEND IS BEING REMOVED IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

Any such ADSs as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of the certificates representing such ADSs for exchange in accordance with the procedures of the ADS Depositary and the Restricted Issuance Agreement, as applicable, be exchanged for a new certificate or certificates for a like aggregate number of ADSs, which shall not bear the restrictive legend required by this Section 2.05(d).

(e) Any Note or ADS (and Class A Ordinary Shares represented thereby) delivered upon the conversion or exchange of any Note that is repurchased or owned by any Affiliate of the Company (or any Person who was an Affiliate of the Company at any time during the three months immediately preceding) may not be resold by such Affiliate (or such Person, as the case may be) unless registered under the Securities Act or resold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act in a transaction that results in such Note or ADS, as the case may be, no longer being a "restricted security" (as defined under Rule 144). The Company shall cause any Note that is repurchased or owned by it to be surrendered to the Trustee for cancellation in accordance with Section 2.08.

(f) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any securities laws or restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(g) Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.06 Mutilated, Destroyed, Lost or Stolen Notes. In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee shall authenticate and deliver, a new Note, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company and to the Trustee such security, pre-funding and/or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee may authenticate any such substituted Note and deliver the same upon the receipt of such security, pre-funding and/or indemnity as the Trustee and the Company may require. No service charge shall be imposed by the Company, the Transfer Agent, the ADS Depositary, the Note Registrar, any co-Note Registrar or the Paying Agent upon the issuance of any substitute Note, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Note being different from the name of the Holder of the old Note that became mutilated or was destroyed, lost or stolen. In case any Note that has matured or is about to mature or has been surrendered for required repurchase or is about to be converted in accordance with Article XIV shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company and to the Trustee such security, pre-funding and/or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, and the Trustee evidence of their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment, redemption, conversion or repurchase of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment, redemption, conversion or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07 Temporary Notes. Pending the preparation of Physical Notes, the Company may execute and the Trustee shall, upon written request of the Company, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Physical Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Physical Notes. Without unreasonable delay, the Company shall execute and deliver to the Trustee Physical Notes (other than any Global Note) and thereupon any or all temporary Notes (other than any Global Note) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Physical Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Physical Notes authenticated and delivered hereunder.

Section 2.08 Cancellation of Notes Paid, Converted, Etc. The Company shall cause all Notes surrendered for the purpose of payment, repurchase, redemption, registration of transfer or exchange or conversion, if surrendered to any Person other than the Trustee (including any of the Company's agents, Subsidiaries, consolidated affiliated entities or Affiliates), to be delivered and surrendered to the Trustee for cancellation. All Notes delivered to the Trustee shall be canceled promptly by it, and except for Notes surrendered for transfer or exchange, no Notes shall be authenticated in exchange thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of canceled Notes in accordance with its customary procedures and, after such disposition, shall deliver a certificate of such cancellation and disposition to the Company, at the Company's written request in a Company Order.

Section 2.09 CUSIP Numbers. The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in all notices issued to Holders as a convenience to such Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or on such notice and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" or "ISIN" numbers, as applicable.

Section 2.10 Additional Notes; Repurchases. The Company may, without the consent of, or notice to, the Holders and notwithstanding Section 2.01, reopen this Indenture and issue additional Notes hereunder with the same terms as the Notes initially issued hereunder (except for any differences in the issue price, the issue date and interest accrued, if any, and, if applicable, restrictions on transfer in respect of such additional Notes) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax or securities law purposes, such additional Notes shall have a separate CUSIP number. Prior to the issuance of any such additional Notes, the Company shall deliver to the Trustee a Company Order, an Officer's Certificate and an Opinion of Counsel, such Officer's Certificate and Opinion of Counsel to cover such matters required by Section 17.06. In addition, the Company may, to the extent permitted by law and without the consent of the Holders, directly or indirectly (regardless of whether such Notes are surrendered to the Company), repurchase Notes in the open market or otherwise, whether by the Company or through its Subsidiaries or consolidated affiliated entities or through a private or public tender or exchange offer or through counterparties to private agreements. The Company shall cause any Notes so repurchased to be surrendered to the Trustee for cancellation in accordance with Section 2.08, and they will no longer be considered "outstanding" under this Indenture upon their cancellation. The Company may also enter into cash-settled swaps or other derivatives with respect to the Notes. For the avoidance of doubt, any Notes underlying such cash-settled swaps or other derivatives shall not be required to be surrendered to the Trustee for cancellation in accordance with Section 2.08 and will continue to be considered "outstanding" for purposes of this Indenture, subject to the provisions of Section 8.04.

Section 2.11 Appointment of Authenticating Agent. As long as any Notes remain outstanding, the Trustee may, by an instrument in writing, appoint with the approval of the Company an authenticating agent (an "**Authenticating Agent**"), which shall be authorized to act on behalf of the Trustee to authenticate Notes pursuant to this Indenture. Notes authenticated by such Authenticating Agent shall be entitled to the benefits of this Indenture and shall be valid

and obligatory for all purposes as if authenticated by the Trustee. Whenever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Such Authenticating Agent shall at all times be a Person that is eligible to act as such and that has a combined capital and surplus of at least US$50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section 2.11, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

ARTICLE III.
SATISFACTION AND DISCHARGE

Section 3.01 Satisfaction and Discharge. This Indenture shall upon request of the Company contained in an Officer's Certificate cease to be of further effect, and the Trustee, at the expense of the Company, shall execute instruments acknowledging satisfaction and discharge of this Indenture as reasonably requested by the Company, when (a) (i) all Notes theretofore authenticated and delivered (other than Notes which have been destroyed, lost or stolen and which have been replaced, paid or converted as provided in Section 2.06) have been delivered to the Trustee for cancellation; or (ii) the Company has deposited with the Trustee or delivered to Holders, as applicable, after the Notes have become due and payable, whether on the Maturity Date, any Redemption Date, the Repurchase Date, any Fundamental Change Repurchase Date, upon conversion or otherwise, cash, ADSs or a combination thereof, as applicable, solely to satisfy the Company's Conversion Obligation, sufficient, without consideration of reinvestment, to pay all of the outstanding Notes and all other sums due and payable under this Indenture by the Company; and (b) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06 shall survive.

ARTICLE IV.
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01 Payment of Principal and Interest. The Company covenants and agrees that it will cause to be paid the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes.

Section 4.02 Maintenance of Office or Agency. The Company will maintain in the contiguous United States of America, an office or agency (which will be the Paying Agent Office initially) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase ("**Paying Agent**") or for conversion ("**Conversion Agent**") and where notices and demands to or upon the Company in respect of the Notes and this

Indenture may be made. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made at the Paying Agent Office.

The Company may also from time to time designate as co-Note Registrars one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the contiguous United States of America for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The terms "**Paying Agent**" and "**Conversion Agent**" include any such additional or other offices or agencies, as applicable.

The Company initially designates Citibank, N.A. as the Paying Agent, Note Registrar and Conversion Agent and the Paying Agent Office shall be considered as one such office or agency of the Company for each of the aforesaid purposes.

Section 4.03 Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.09, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.04 Provisions as to Paying Agent. (a) If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes for the benefit of the Holders of the Notes;

(ii) that it will give the Trustee prompt written notice of any failure by the Company to make any payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will as soon as reasonably practicable pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes, deposit with the Paying Agent a sum in immediately available funds sufficient to pay such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or accrued and unpaid interest and (unless such Paying Agent is the Trustee) the Company will promptly

notify the Trustee in writing of any failure to take such action; *provided* that such deposit must be received by the Paying Agent by 10:00 a.m., New York City time, on the relevant due date. The Paying Agent shall not be bound to make payment until immediately available funds in such amount as may be required for the purpose of such payment have been received from the Company.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes, set aside, segregate and hold in trust for the benefit of the Holders of the Notes a sum sufficient to pay such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held by the Company in trust or by any Paying Agent as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts. Upon the occurrence of any event specified in Section 6.01(i) or Section 6.01(j), the Trustee or one of its affiliates shall automatically become the Paying Agent.

(d) Subject to applicable escheatment laws, any money or property deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, or in satisfaction of its Conversion Obligation with respect to, any Note and remaining unclaimed for two years after such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or interest has become due and payable, or such Conversion Obligation became due, shall be paid or delivered, as the case may be, to the Company on request of the Company contained in an Officer's Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money or property, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 4.05 Existence. Subject to Article XI, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 4.06 Rule 144A Information Requirement. (a) If the Company is not subject to Section 13 or 15(d) of the Exchange Act at any time prior to the Resale Restriction Termination Date, the Company shall promptly provide to the Trustee and shall, upon written request, provide

to any Holder, beneficial owner or prospective purchaser of any ADSs deliverable upon conversion of the Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to facilitate the resale of such ADSs pursuant to Rule 144A. The Company shall take such further action as any Holder or beneficial owner of such ADSs may reasonably request to the extent from time to time required to enable such Holder or beneficial owner to sell such ADSs in accordance with Rule 144A, as such rule may be amended from time to time. This Section 4.06(a) shall cease to apply on the Resale Restriction Termination Date.

(b) [Reserved]

(c) Delivery of the reports and documents described in this Section 4.06 to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate).

(d) [Reserved]

(e) If, and for so long as, the restrictive legend on the Notes specified in Section 2.05(c) has not been removed, the Notes are assigned a restricted CUSIP or the Notes are not otherwise freely tradable pursuant to Rule 144 by Holders thereof other than, in each case by or with respect to, the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (as a result of restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes) as of the 380th day after the last date of original issuance of the Notes, the Company shall pay Additional Interest on the Notes at a rate equal to 0.50% per annum of the principal amount of Notes outstanding until the restrictive legend has been removed from the Notes in accordance with Section 2.05(c), the Notes have been assigned an unrestricted CUSIP and the Notes are freely tradable pursuant to Rule 144 by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes).

(f) Additional Interest will be payable in arrears on each Interest Payment Date following accrual in the same manner as regular interest on the Notes.

(g) [Reserved]

(h) If Additional Interest is payable by the Company pursuant to Section 4.06(e), the Company shall deliver to the Trustee an Officer's Certificate to that effect stating (i) the amount of such Additional Interest that is payable and (ii) the date on which such Additional Interest is payable. Unless and until a Responsible Officer of the Trustee receives at the Corporate Trust Office such a certificate, the Trustee may assume without inquiry that no such Additional Interest is payable. If the Company has paid such Additional Interest directly to the Persons entitled to it, the Company shall deliver to the Trustee an Officer's Certificate setting forth the particulars of such payment.

Section 4.07 Additional Amounts. (a) All payments and deliveries made by, or on behalf of, the Company or any successor to the Company under or with respect to this Indenture and the Notes, including payments of principal (including, if applicable, the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price), payments of interest and payments of cash and/or deliveries of ADSs or any other consideration due upon conversion of the Notes (together with payments of cash for any fractional ADS), shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or any successor to the Company is, for tax purposes, organized or resident or doing business (each, as applicable, a "**Relevant Taxing Jurisdiction**") or through which payment is made or deemed made (together with each Relevant Taxing Jurisdiction, a "**Relevant Jurisdiction**," and in each case, any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company or any successor to the Company shall pay to each Holder such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received by the Holders after such withholding or deduction (and after deducting any taxes on the Additional Amounts) will equal the amounts that would have been received by such Holders had no such withholding or deduction been required; *provided* that no Additional Amounts shall be payable:

(i) for or on account of:

A. any tax, duty, assessment or other governmental charge that would not have been imposed but for:

i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction, other than merely holding such Note, receiving cash and/or ADSs (together with payments of cash for any fractional ADS or other consideration) due upon conversion of a Note or the receipt of payments thereunder, including such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) and interest on such Note or the payment of cash and/or the delivery of ADSs (together with payment of cash for any fractional ADS or other consideration) upon conversion of such Note became due and payable pursuant to the terms thereof or was made or duly provided for, unless the Holder would have been entitled to such Additional Amounts on the last day of the 30-day period;

iii) the failure of the Holder or beneficial owner to comply with a timely request from the Company or any successor of the Company, addressed to the Holder, to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable; or

iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

B. any estate, inheritance, gift, sale, transfer, excise, personal property or similar tax, assessment or other governmental charge;

C. any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments or deliveries under or with respect to the Notes;

D. any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Code ("**FATCA**"), any current or future Treasury regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

E. any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses A, B, C or D; or

(ii) with respect to any payment of the principal of (including the Redemption Price, the Repurchase Price and Fundamental Change Repurchase Price, if applicable) and interest on such Note or the payment of cash and/or the delivery of ADSs or other consideration (together with payment of cash for any fractional ADS) upon conversion of such Note to a Holder, if the Holder is a fiduciary, partnership or Person other than the sole beneficial owner of that payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a partner or member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, member or beneficial owner been the Holder thereof.

(b) The Trustee and Paying Agent shall also be entitled to make any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA and any regulations or agreements thereunder or official interpretations thereof. If any withholding or deduction is so required under this clause (b) or the preceding clause (a), the Trustee and Paying Agent will not bear any liability in respect of such withholding or deduction.

(c) Any reference in this Indenture or the Notes in any context to the payment of cash and/or the delivery of ADSs (together with payments of cash for any fractional ADS), as applicable, upon conversion of any Note or the payment of principal of (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) and interest on any Note or any other amount payable with respect to such Note, shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect to that amount pursuant to this Section 4.07.

(d) If the Company or its successor is required to make any deduction or withholding from any payments or deliveries with respect to the Notes, it shall deliver to the Trustee, the Paying Agent (if other than the Trustee) and the Holders official tax receipts evidencing the remittance to the relevant tax authorities of the amounts so withheld or deducted.

(e) The Trustee shall have no obligation to determine whether any Additional Amounts are payable under the Indenture or the amount thereof.

(f) The foregoing obligations shall survive termination or discharge of this Indenture.

Section 4.08 Stay, Extension and Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.09 Compliance Certificate; Statements as to Defaults. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2025) an Officer's Certificate stating that a review has been conducted of the Company's activities under this Indenture and the Company has fulfilled its obligations hereunder, and whether the authorized Officers thereof have knowledge of any Default by the Company that occurred during the previous year that is then continuing and, if so, specifying each such Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, as soon as possible, and in any event within 30 days after the Company becomes aware of the occurrence of any Default and if such events are then continuing, an Officer's Certificate setting forth the details of such Default, its status and the action that the Company is taking or proposing to take in respect thereof.

Section 4.10 Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture. The Company shall also provide to the Trustee and/or the Agents (as the case may be), upon written request, information reasonably required by the Trustee and/or the Agents (as the case may be) to comply with any Applicable Law; *provided*, *however*, that the Company shall not be required to provide any information pursuant to this Section 4.10 to the extent that: (i) any such information is not reasonably available to the Company and cannot be obtained by the Company using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of the Company constitute a breach of any Applicable Law, fiduciary duty or duty of confidentiality. For the purpose of this section, "**Applicable Law**" means law or regulation including, but not limited to: (a) any domestic or foreign statue or regulation; (b) any rule or practice of any Authority with which Company or any Agent is bound or accustomed to comply; and (c) any agreement entered into by the Company or Agents and any Authority or between any two or more Authorities. "**Authority**" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign.

ARTICLE V.
LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01 Lists of Holders. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, quarterly, not more than 5 days after each March 1, June 1, September 1 and December 1 in each year beginning with June 1, 2025, and at such other times as the Trustee may request in writing, within 5 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note Registrar.

Section 5.02 Preservation and Disclosure of Lists. The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the Trustee in its capacity as Note Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE VI.
DEFAULTS AND REMEDIES

Section 6.01 Events of Default. The following events shall be "**Events of Default**" with respect to the Notes:

(a) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable and the default continues for a period of 30 days;

(b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon Optional Redemption, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) failure by the Company to comply with its obligation to convert the Notes in accordance with this Indenture upon exercise of a Holder's conversion right and such failure continues for a period of five Business Days;

(d) failure by the Company to issue a Fundamental Change Company Notice in accordance with Section 15.02(c), a notice of a Make-Whole Fundamental Change in accordance with Section 14.03(a) or notice of a specified corporate event in accordance with Section 14.01(b)(ii) or 14.01(b)(iii), in each case, when due and such failure continues for a period of five Business Days;

(e) failure by the Company to comply with its obligations under Article XI;

(f) failure by the Company for 60 days after written notice from the Trustee or by the Trustee at the request of the Holders of at least 25% in aggregate principal amount of the Notes then outstanding has been received by the Company to comply with any of its other agreements contained in the Notes or this Indenture;

(g) default by the Company or any Significant Subsidiary of the Company with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$60 million (or the foreign currency equivalent thereof) in the aggregate by the Company and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness being declared due and payable or accelerated prior to its stated maturity or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise and in the case of (i) and (ii), such indebtedness is not discharged, or such acceleration is not otherwise cured or rescinded, within 30 days;

(h) a final judgment for the payment of US$60 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) rendered against the Company or any Significant Subsidiary of the Company, which judgment is not paid, bonded or otherwise discharged or stayed within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(i) the Company or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or any such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any such Significant Subsidiary or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(j) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to the Company or such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or such Significant Subsidiary or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 consecutive days.

Section 6.02 Acceleration; Rescission and Annulment. If one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries), unless the principal of all of the Notes shall have already become due and payable, the Trustee by notice in writing to the Company may, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04 by notice in writing to the Company and to the Trustee may, at its sole discretion and without further notice, and the Trustee at the request of such Holders accompanied by security, pre-funding and/or indemnity satisfactory to the Trustee and otherwise subject to the limitations set forth in this Indenture, shall, declare 100% of the principal of, and accrued and unpaid interest on, all the Notes to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable without any further action on part of the Trustee, notwithstanding anything contained in this Indenture or in the Notes to the contrary. If an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries occurs and is continuing, 100% of the principal of, and accrued and unpaid interest on, all Notes shall become and shall automatically be immediately due and payable without any action on the part of the Trustee. If an Event of Default occurs and is continuing, the Agents and any other agents of the Company appointed under this Indenture will be required to act on the direction of the Trustee.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum in immediately available funds sufficient to pay installments of accrued and unpaid interest upon all Notes and the principal of any and all Notes that shall have become due otherwise than by

acceleration (with interest on overdue installments of accrued and unpaid interest to the extent that payment of such interest is enforceable under applicable law, and on such principal at the rate per annum borne by the Notes at such time *plus* one percent) and amounts due to the Trustee pursuant to Section 7.06, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest on Notes that shall have become due solely by such acceleration, shall have been cured by the Company or waived pursuant to Section 6.09, then and in every such case (except as provided in the immediately succeeding sentence) the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all Defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon. Notwithstanding anything to the contrary herein, no such waiver or rescission and annulment shall extend to or shall affect any Default or Event of Default resulting from (i) the nonpayment of the principal (including the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, any Notes, (ii) a failure to repurchase any Notes when required or (iii) a failure to pay or deliver, as the case may be, the consideration due upon conversion of the Notes.

Section 6.03 [Reserved].

Section 6.04 Payments of Notes on Default; Suit Therefor. If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred, the Company shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest, if any, with interest on any overdue principal and interest, if any, at the rate per annum borne by the Notes at such time *plus* one percent, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may as provided under this Indenture and without further notice institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated; *provided* that the Trustee will not be bound to make any such proceeding unless (i) it shall have been so directed by the Holders of the requisite aggregate principal amount of the Notes then outstanding, (ii) it shall have been indemnified, pre-funded and/or secured to its satisfaction and (iii) the Trustee is satisfied that the act or exercise of any of the rights or powers vested in it by this Indenture will not result in any of its directors, officers, employees or agents incurring personal liability.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy

or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the event of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.04, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest, if any, in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for properly incurred compensation, expenses, advances and disbursements, including agents and counsel fees, and including any other amounts due to the Trustee under Section 7.06, incurred by it up to the date of such distribution. To the extent that such payment of properly incurred compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Holders of the Notes parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.09 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Holders, and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Holders, and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.05 Application of Monies Collected by Trustee. Any monies or property collected by the Trustee pursuant to this Article VI with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due the Trustee under Section 7.06 and any payments due to the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar;

Second, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on the Notes in default in the order of the date due of the payments of such interest with interest (to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate per annum borne by the Notes at such time, *plus* one percent, such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount (including, if applicable, the payment of the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price and any cash due upon conversion) then owing and unpaid upon the Notes for principal and interest, if any, with interest on the overdue principal and, to the extent that such interest has been collected by the Trustee, upon overdue installments of interest at the rate per annum borne by the Notes at such time *plus* one percent, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal (including, if applicable, the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price and the cash due upon conversion) and interest without preference or priority of principal over interest, or of interest over principal or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal (including, if applicable, the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price and any cash due upon conversion) and accrued and unpaid interest; and

Fourth, to the payment of the remainder, if any, to the Company.

Section 6.06 Proceedings by Holders. Except to enforce the right to receive payment of principal (including, if applicable, the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price) or interest when due, or the right to receive payment or delivery of the consideration due upon conversion, no Holder of any Note shall have any right by virtue of or by

availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

(a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as herein provided;

(b) Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to pursue the remedy;

(c) such Holders shall have offered to the Trustee such security, pre-funding and/or indemnity satisfactory to it against any loss, liability or expense to be incurred therein or thereby;

(d) the Trustee has not complied with such written request within 60 days after the later of its receipt of such written request and the offer of security, pre-funding and/or indemnity; and

(e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding within such 60-day period pursuant to Section 6.09,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder (it being further understood that the Trustee shall not have an affirmative duty to ascertain whether or not any such direction is unduly prejudicial to any other Holder), or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein). For the protection and enforcement of this Section 6.06, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, the right of any Holder to receive payment or delivery, as the case may be, of (x) the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest on, and (z) the consideration due upon conversion of, such Note, on or after the respective due dates expressed or provided for in such Note or in this Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be, on or after such respective dates against the Company shall not be impaired or affected without the consent of such Holder.

Section 6.07 Proceedings by Trustee. In case of an Event of Default, the Trustee may proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of

any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law; *provided* that the Trustee will not be bound to make any such proceeding unless (i) it shall have been so directed by the Holders of the requisite aggregate principal amount of the Notes then outstanding, (ii) it shall have been indemnified, pre-funded and/or secured to its satisfaction and (iii) the Trustee is satisfied that the act or exercise of any of the rights or powers vested in it by this Indenture will not result in any of its directors, officers, employees or agents incurring personal liability.

Section 6.08 Remedies Cumulative and Continuing. Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article VI to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Notes to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.06, every power and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.09 Direction of Proceedings and Waiver of Defaults by Majority of Holders. The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided, however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Notes waive any past Default or Event of Default hereunder and its consequences except (i) a default in the payment of accrued and unpaid interest on, or the principal (including, if applicable, the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price) of, the Notes when due that has not been cured pursuant to the provisions of Section 6.01, (ii) a failure by the Company to pay or deliver, or cause to be delivered, as the case may be, the consideration due upon conversion of the Notes or (iii) a default in respect of a covenant or provision hereof which under Article X cannot be modified or amended without the consent of each Holder of an outstanding Note affected. Upon any such waiver the Company, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.09, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.10 Notice of Defaults and Events of Default. If a Default or Event of Default occurs and is continuing, the Trustee shall, within 90 days of it having knowledge of such Event of Default pursuant to Section 7.02(j), send to all Holders (at the Company's expense) as the names and addresses of such Holders appear upon the Note Register, notice of all Defaults known to a Responsible Officer, unless such Defaults shall have been cured or waived before the giving of such notice. Except in the case of a Default in the payment of the principal of (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable), or accrued and unpaid interest on, any of the Notes or a Default in the payment or delivery of the consideration due upon conversion, the Trustee shall be protected in withholding such notice if and so long as the Trustee (in its sole discretion) in good faith determines that the withholding of such notice is in the interests of the Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such notice is in the interests of the Holders).

Section 6.11 Undertaking to Pay Costs. All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.11 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or accrued and unpaid interest on any Note (including, but not limited to, the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) on or after the due date expressed or provided for in such Note or to any suit for the enforcement of the right to convert any Note, or receive the consideration due upon conversion, in accordance with the provisions of Article XIV.

ARTICLE VII.
CONCERNING THE TRUSTEE

Section 7.01 Duties and Responsibilities of Trustee. In case an Event of Default has occurred that has not been cured or waived, and if a Responsible Officer of the Trustee has written notice or actual knowledge of such event, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered (and, if requested, provided) to the Trustee indemnity, pre-funding or security satisfactory to it against the losses, costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge of and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture to the extent of its own gross negligence or willful misconduct and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee and each Agent may conclusively and without liability rely, and will be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, security, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original, email or any other form of electronic communication or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee and each Agent need not investigate any fact or matter stated in the document, but, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved by a decision of a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of the requisite percentage of the aggregate principal amount of the Notes at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or notice effected by the Company or any Paying Agent or any records maintained by any co-Note Registrar with respect to the Notes;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively and without liability rely on its failure to receive such notice as reason to act as if no such event occurred;

(g) in the absence of written investment direction from the Company, all cash received by the Trustee shall be placed in a non-interest bearing trust account, and in no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon or for losses incurred as a result of the liquidation of any such investment prior to its maturity date or the failure of the party directing such investments prior to its maturity date or the failure of the party directing such investment to provide timely written investment direction, and the Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction from the Company;

(h) the rights and protections afforded to the Trustee pursuant to this Article VII shall also be afforded to such Note Registrar, Paying Agent, Conversion Agent, Bid Solicitation Agent or Transfer Agent; and

(i) under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02 Reliance on Documents, Opinions, Etc. Except as otherwise provided in Section 7.01:

(a) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(b) the Trustee may consult with counsel or other professional advisors of its selection and require an Opinion of Counsel and any other written or verbal advice of such counsel or other professional advisors, and such advice (including an Opinion of Counsel) shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(c) the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation;

(d) in connection with the exercise by it of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Holders as a class but shall not have

regard to any interests arising from circumstances particular to individual Holders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any country, state or territory and a Holder shall not be entitled to require, nor shall any Holder be entitled to claim, from the Company, the Trustee or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided in Section 4.07 or Section 14.02(e) and/or any undertaking given in addition to, or in substitution for, Section 4.07 or Section 14.02(e) pursuant to this Indenture;

(e) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, delegates, custodians, nominees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, delegate, representative, custodian, nominee or attorney appointed by it with due care hereunder;

(f) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(g) the Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder;

(h) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(i) in no event shall the Trustee be liable for any consequential, punitive, special or indirect loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(j) the Trustee shall have no duty to inquire as to the performance of the Company or any Subsidiary with respect to the covenants contained herein. The Trustee may assume without inquiry in the absence of written notice to the contrary that the Company is duly complying with its obligations contained in this Indenture required to be performed and observed by it, and that no Default or Event of Default or other event which would require repayment of the Notes has occurred. Neither the Trustee nor any Agent shall be charged with knowledge of any Default or Event of Default with respect to the Notes, unless either (1) in the case of the Trustee, a Responsible Officer shall have actual knowledge of such Default or Event of Default or (2) it has received express written notice of such Default or Event of Default and such notice references this Indenture, the Notes, the Company and circumstances constituting such Default or Event of Default;

(k) [reserved];

(l) the Company hereby irrevocably waives, in favor of the Trustee and the Agents, any conflict of interest that may arise by virtue of the Trustee and/or the Agents acting in various capacities under the Notes or this Indenture or for other customers of the Trustee and the Agents. The Company acknowledges that the Trustee and the Agents and their respective affiliates (together, the "**Agent Parties**") may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Company may regard as conflicting with its interests and may possess information (whether or not material to the Company) other than as a result of the Trustee and/or the Agents acting as the Trustee and/or the Agents hereunder, that the Trustee and/or the Agents may not be entitled to share with the Company. The Trustee and the Agents will not disclose confidential information obtained from the Company (without its consent) to any of the Trustee and/or the Agents' other customers or affiliates nor will it use on behalf of the Company any confidential information obtained from any other customer. Without prejudice to the foregoing, the Company agrees that the Agent Parties may deal (whether for its own or its customers' account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Notes or this Indenture;

(m) the Trustee shall be entitled to take any action or to refuse to take any action which the Trustee regards as necessary for the Trustee to comply with any applicable law, regulation or fiscal requirement, court order, or the rules, operating procedures or market practice of any relevant stock exchange or other market or clearing system;

(n) notwithstanding anything else contained in this Indenture, each of the Trustee and the Agents may refrain without liability from (i) doing anything which would or might in its opinion (after consultation with counsel and reasonably taking into account of the advice or opinion of such counsel) be illegal or contrary to, or would result in the Trustee or any Agent being in breach of, any law of any state or jurisdiction (including, but not limited to, any laws of England and Wales, Hong Kong, and the United States of America or any jurisdiction forming a part of it) or any directive, rule, regulation, request, direction, notice, announcement or similar action of any agency, regulatory authority, stock exchange or self-regulatory organization of any jurisdiction (including, without limitation, Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), or which would or might otherwise render it liable to any person and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation or (ii) doing anything which may cause the Trustee to be considered a sponsor of a covered fund under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder. Furthermore, the Trustee may also refrain from taking any action if, in its opinion based upon advice of counsel, it would not have the power to do the relevant thing in the relevant jurisdiction by virtue of any applicable law in such jurisdiction or if it is determined by any court or other competent authority in such jurisdiction that it does not have such power; and

(o) the Trustee may refuse to follow any direction that it in good faith determines is unduly prejudicial to the rights of any other Holder (it being understood that the Trustee shall not have an affirmative duty to ascertain whether or not any such direction is unduly prejudicial to any other Holder), or if it is not provided with security, pre-funding and/or indemnity reasonably satisfactory to it against the losses, costs, expenses and liabilities that might be incurred by it in compliance with such request or direction. In addition, the Trustee will not be required to expend its own funds under any circumstances.

(p) None of the Trustee nor the Agents shall have any contractual obligation under this Indenture to monitor, assist with or ensure any filing of the requisite information and documents with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**"), compliance with any other obligations of the Company to comply with all applicable PRC laws and regulations in relation to any such filing, or any other filing required by the NDRC or obligation promulgated thereunder from time to time including all obligations under the Administrative Rules for the Rules and Registration of Medium- to Long-Term Foreign Debt of Enterprises（企業中長期外債審核登記管理辦法which took effect on 10 February 2023 (the "**NDRC New Rules**") and its guidance rules in connection therewith as issued by the NDRC, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "**NDRC Circular**") on or before the relevant deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any NDRC filing or any translation or certification thereof or to give notice to the Holders confirming the submission of any NDRC filing or compliance with applicable PRC laws and regulations in relation to any required NDRC filing promulgated thereunder from time to time including all obligations under the NDRC New Rules and NDRC Circular, and shall not be liable to the Holders or the Company for not doing so.

Section 7.03 No Responsibility for Recitals, Etc. The recitals, statements, warranties and representations contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the accuracy or correctness of the same or the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture. Notwithstanding the generality of the foregoing, each Holder shall be solely responsible for making its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Company, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

Section 7.04 Trustee, Paying Agents, Conversion Agents, Bid Solicitation Agent or Note Registrar May Own Notes. The Trustee, any Paying Agent, any Conversion Agent, Bid Solicitation Agent (if other than the Company or any Affiliate thereof) or Note Registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Trustee, Paying Agent, Conversion Agent, Bid Solicitation Agent or Note Registrar, and nothing herein shall obligate any of them to account for any profits earned from any business or transactional relationship.

Section 7.05 Monies and ADSs to Be Held in Trust. All monies and ADSs received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money and ADSs held by the Trustee in trust or by the Paying Agent hereunder need not be segregated from other funds or property except to the extent required by law. Neither the Trustee nor the Paying Agent shall be under any liability for interest on any money or ADSs received by it hereunder.

Section 7.06 Compensation and Expenses of Trustee. (a) The Company covenants and agrees to pay to the Trustee, in any capacity under this Indenture, from time to time, and the Trustee shall be entitled to, compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances properly incurred or made by the Trustee in accordance with any of the provisions of this Indenture in any capacity thereunder (including the properly incurred compensation and the expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as shall have been caused by its gross negligence or willful misconduct as determined by a final, non-appealable decision of a court of competent jurisdiction. The Company also covenants to indemnify the Trustee in any capacity under this Indenture and any other document or transaction entered into in connection herewith and its officers, directors, attorneys, employees and agents, and to hold them harmless against, any loss, claim (provided that the Company need not pay for settlement of any such claim made without its consent, which consent shall not be unreasonably withheld), damage, liability or expense incurred without gross negligence or willful misconduct on the part of the Trustee, its officers, directors, agents, attorneys or employees, as the case may be, as determined by a final, non-appealable decision of a court of competent jurisdiction, and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in the premises. The obligations of the Company under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior lien to which the Notes are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.05, funds held in trust herewith for the benefit of the Holders of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company. The indemnity under this Section 7.06(a) is payable upon demand by the Trustee. The obligation of the Company under this Section 7.06(a) shall survive the satisfaction and discharge of the Indenture and payment of the Notes, the termination of this Indenture and the resignation or removal of the Trustee. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The indemnification provided in this Section 7.06(a) shall extend to the officers, directors, attorneys, agents and employees of the Trustee. Subject to Section 7.02(e), any negligence or misconduct of any agent, delegate, attorney or representative, in each case, of the Trustee, shall not affect indemnification of the Trustee.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and its agents incur expenses or render services after an Event of Default specified in Section 6.01(i) or Section 6.01(j) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws. If a Default or Event of Default shall have occurred or if the Trustee finds it expedient or necessary or is requested by the Company and/or the Holders to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Indenture, the Company will pay such additional remuneration calculated by reference to the Trustee's normal hourly rates in force at such time.

(b) The Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar shall be entitled to the compensation to be agreed upon in writing with the Company for all services rendered by it under this Indenture, and the Company agrees promptly to pay such compensation and to reimburse the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar for its out-of-pocket expenses (including properly incurred fees and expenses of counsel) incurred by it in connection with the services rendered by it under this Indenture. The Company hereby agrees to indemnify the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar and their respective officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any loss, liability or expense (including properly incurred fees and expenses of counsel) incurred without gross negligence or willful misconduct on its part, as determined by a final, non-appealable decision of a court of competent jurisdiction, arising out of or in connection with its acting as the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar hereunder. The obligations of the Company under this paragraph (b) shall survive the payment of the Notes, the termination of the Indenture and the resignation or removal of the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar.

Section 7.07 Officer's Certificate as Evidence. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee, and such Officer's Certificate shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08 Eligibility of Trustee. There shall at all times be a Trustee hereunder which shall be a Person that is eligible to act as such and has a combined capital and surplus of at least US$50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 7.09 Resignation or Removal of Trustee. (a) The Trustee may at any time resign by giving 30 days' written notice of such resignation to the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the mailing of such notice of resignation to the Company, the resigning Trustee may appoint a successor trustee on behalf of and at the expense of the Company or it may, upon ten Business Days' notice to the Company and the Holders and at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 6.11, on behalf of himself or herself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in either case, the Company may by a Board Resolution remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any Holder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding, as determined in accordance with Section 8.04, may remove the Trustee by giving 30 days written notice to the Trustee and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10 Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior lien to which the Notes are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Notes, to secure any amounts then due to it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall deliver or cause to be delivered notice of the succession of such trustee hereunder to the Holders at their addresses as they shall appear on the Note Register. If the Company fails to deliver such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be delivered at the expense of the Company.

Section 7.11 Succession by Merger, Etc. Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* that in the case of any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee such corporation or other entity shall be eligible under the provisions of Section 7.08.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; *provided*, *however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Notes in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12 Trustee's Application for Instructions from the Company. Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by the Trustee that affects the rights of the Holders of the Notes under this Indenture) may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date such application is deemed to have been given to any Officer of the Company pursuant to Section 17.03, unless any such Officer shall have consented in writing to any earlier date), unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

ARTICLE VIII.
CONCERNING THE HOLDERS

Section 8.01 Action by Holders. Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article IX, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Notes, the Company or the Trustee may fix, but shall not be required to, in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02 Proof of Execution by Holders. Subject to the provisions of Section 7.01, Section 7.02 and Section 9.05, proof of the execution of any instrument by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note Register or by a certificate of the Note Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03 Who Are Deemed Absolute Owners. The Company, the Trustee, any Paying Agent, any Transfer Agent, any Conversion Agent and any Note Registrar may deem the Person in whose name a Note shall be registered upon the Note Register to be, and may treat it as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Note Registrar) for the purpose of receiving payment of or on account of the principal (including any Redemption Price, Repurchase Price and any Fundamental Change Repurchase Price) of and (subject to Section 2.03) accrued and unpaid interest on such Note, for the purpose of conversion of such Note and for all other purposes under this Indenture; and none of the Company, the Trustee, any Transfer Agent, any Paying Agent, any Conversion Agent or any Note Registrar shall be affected by any notice to the contrary. All such payments or deliveries so made to any Holder for the time being, or upon its order, shall be valid, and, to the extent of the sums or ADSs so paid or delivered, effectual to satisfy and discharge the liability for monies payable or ADSs deliverable upon any such Note. Notwithstanding anything to the contrary in this Indenture or the Notes following an Event of Default, any owner of a beneficial interest in a Global Note may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depositary or any other Person, such owner's right to exchange such beneficial interest for a Note in certificated form in accordance with the provisions of this Indenture.

Section 8.04 Company-Owned Notes Disregarded. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes that are owned by the Company, by any Subsidiary thereof or by any Affiliate of the Company or any Subsidiary thereof shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided* that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes in respect of which a Responsible Officer is notified in writing shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish its right to so act with respect to such Notes and that the pledgee is not the Company, a Subsidiary thereof or an Affiliate of the Company or a Subsidiary thereof. Within five days of acquisition of the Notes by any of the above described persons or entities, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 8.05 Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Notes specified in this Indenture in connection with such action, any Holder of a Note that is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE IX.
HOLDERS' MEETINGS

Section 9.01 Purpose of Meetings. A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article IX for any of the following purposes:

(a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article VI;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article VII;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Article X; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 9.02 Call of Meetings by Trustee. The Trustee may at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be delivered to Holders of such Notes at their addresses as they shall appear on the Note Register. Such notice shall also be delivered to the Company. Such notices shall be delivered not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Notes then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03 Call of Meetings by Company or Holders. In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have delivered the notice of such meeting within 20 days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by delivering notice thereof as provided in Section 9.02.

Section 9.04 Qualifications for Voting. To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05 Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in aggregate principal amount of the Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each US$1,000 principal amount of Notes held or represented by him or her; *provided*, *however*, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Holders of the Notes, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Section 9.06 Voting. The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding aggregate principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was delivered as provided in Section 9.02. The record shall show the aggregate principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07 No Delay of Rights by Meeting. Nothing contained in this Article IX shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Notes.

ARTICLE X.
SUPPLEMENTAL INDENTURES

Section 10.01 Supplemental Indentures Without Consent of Holders. The Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense and direction, may from time to time and at any time amend or supplement the indenture or the Notes without notice to or the consent of any Holder of the Notes for one or more of the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for the assumption by a Successor Company of the obligations of the Company under this Indenture and the Notes pursuant to Article XI;

(c) to add guarantees with respect to the Notes;

(d) to secure the Notes;

(e) to add to the covenants or Events of Default of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company under this Indenture or the Notes;

(f) upon the occurrence of any transaction or event described in Section 14.07(a), to (i) provide that the Notes are convertible into Reference Property, subject to Section 14.03, and (ii) effect the related changes to the terms of the Notes described under Section 14.07(a), in each case, in accordance with Section 14.07;

(g) to make any change that does not adversely affect the rights of any Holder, as such, in any material respect;

(h) to conform the provisions of this Indenture or the Notes to the "Description of the Notes" section of the Offering Memorandum, as certified by the Company in an Officer's Certificate;

(i) to irrevocably elect a Settlement Method and/or a Specified Dollar Amount, or eliminate the Company's right to elect a Settlement Method;

(j) comply with the rules of any Depositary, including the DTC; or

(k) to make changes in connection with an acceptance for listing on a Permitted Exchange, as contemplated under Section 15.02(e).

Upon the written request of the Company, the Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the written notice to or the consent of the Holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02 Supplemental Indentures with Consent of Holders. Subject to certain exceptions and except as otherwise contemplated in the immediately succeeding paragraph of this Section, with the consent (evidenced as provided in Article VIII) of the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article VIII and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Notes), the Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders; *provided*, *however*, that, without the consent of each Holder of an outstanding Note affected, no such supplemental indenture shall:

(a) reduce the amount of Notes whose Holders must consent to an amendment or waiver;

(b) make any Note payable in a currency other than U.S. dollars;

(c) impair the right of any Holder to receive payment of principal and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Note; or

(d) make any change in this Article X that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.09.

Other than with the consent of at least 75% of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article VIII and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Notes), no amendment may, among other things:

(a) reduce the rate of or extend the stated time for payment of interest on any Note;

(b) reduce the principal of or change the Maturity Date of any Note;

(c) make any change that adversely affects the conversion rights of any Notes;

(d) reduce the Redemption Price, the Repurchase Price or the Fundamental Change Repurchase Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(e) change the ranking of the Notes; or

(f) change the Company's obligation to pay Additional Amounts on any Note.

Upon the written request of the Company, and upon the filing with the Trustee of evidence of the consent of the requisite Holders as aforesaid and subject to Section 10.05, the Trustee shall join with the Company in the execution of such supplemental indenture unless (i) the Trustee has not received an Opinion of Counsel stating that such supplemental indenture is authorized and permitted by the terms of this Indenture and not contrary to law or (ii) such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Holders do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture. It shall be sufficient if such Holders approve the substance thereof. After any supplemental indenture becomes effective under Section 10.01 or Section 10.02, the Company shall send to the Holders (with a copy to the Trustee) a notice briefly describing such supplemental indenture. However, the failure to give such notice to all the Holders, or any defect in the notice, will not impair or affect the validity of the supplemental indenture.

Section 10.03 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions of this Article X, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04 Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article X may, at the Company's expense, bear a notation as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated upon receipt of a Company Order, by the Trustee and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 10.05 Evidence of Compliance of Supplemental Indenture to Be Furnished to the Trustee. In addition to the documents required by Section 17.06, the Trustee shall receive an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article X and is permitted or authorized by this Indenture and with respect to such Opinion of Counsel, that such supplemental indenture is the valid and binding obligation of the Company enforceable in accordance with its terms, subject to customary exceptions and qualifications.

ARTICLE XI.
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01 Company May Consolidate, Etc. on Certain Terms. Subject to the provisions of Section 11.02, the Company shall not consolidate with, merge with or into, or sell, convey, transfer or lease all or substantially all of its properties and assets to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company, shall be a corporation organized and existing under the laws of the United States of America, any State thereof, the District of Columbia, the Cayman Islands, the British Virgin Islands, Bermuda or Hong Kong and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture all of the obligations of the Company under the Notes and this Indenture (including, for the avoidance of doubt, the obligation to pay Additional Amounts pursuant to Section 4.07); and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company to another Person, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company to another Person.

Section 11.02 Successor Corporation to Be Substituted. In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Notes (including, for the avoidance of doubt, any Additional Amounts), the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Notes (including, for the avoidance of doubt, any Additional Amounts) and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such Successor Company (if not the Company) shall succeed to and, except in the case of a lease of all or substantially all of the Company's properties and assets, shall be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Notes that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with

the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article XI the Person named as the "Company" in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article XI) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture and the Notes.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 11.03 Opinion of Counsel to Be Given to Trustee. No consolidation, merger, sale, conveyance, transfer or lease shall be effective unless the Trustee shall receive an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the provisions of this Article XI.

ARTICLE XII.
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01 Indenture and Notes Solely Corporate Obligations. No recourse for the payment of the principal of or accrued and unpaid interest on any Note, nor for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, Officer or director or Subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE XIII.
INTENTIONALLY OMITTED

ARTICLE XIV.
CONVERSION OF NOTES

Section 14.01 Conversion Privilege.

(a) Holders may not convert the Notes at any time on or prior to the 40th day following the last date of original issuance of the Notes (such date, the "**Compliance Period End Date**"). After the Compliance Period End Date, subject to and upon compliance with the provisions of this Article XIV, each Holder of a Note shall have the right, at such Holder's

option, to convert all or any portion (if the portion to be converted is US$200,000 principal amount or an integral multiple of US$200,000) of such Note (i) subject to satisfaction of the conditions described in Section 14.01(b), at any time prior to the close of business on the Business Day immediately preceding September 15, 2029 under the circumstances and during the periods set forth in Section 14.01(b), and (ii) regardless of the conditions described in Section 14.01(b), on or after September 15, 2029 and prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date, in each case, at an initial conversion rate of 324.0966 ADSs (subject to adjustment as provided in this Article XIV, the "**Conversion Rate**") per US$1,000 principal amount of Notes (subject to, and in accordance with, the settlement provisions of Section 14.02, the "**Conversion Obligation**").

(b) (i) After the Compliance Period End Date and prior to the close of business on the Business Day immediately preceding September 15, 2029, a Holder may surrender all or any portion of its Notes for conversion at any time during the five Business Day period immediately after any ten consecutive Trading Day period (the "**Measurement Period**") in which the Trading Price per US$1,000 principal amount of Notes, as determined following a written request by a Holder of Notes in accordance with this subsection (b)(i), for each Trading Day of the Measurement Period was less than 98% of the product of the Last Reported Sale Price of the ADSs on each such Trading Day and the Conversion Rate on each such Trading Day. The Trading Prices shall be determined by the Bid Solicitation Agent pursuant to this subsection (b)(i) and the definition of Trading Price set forth in this Indenture. The Bid Solicitation Agent (if other than the Company) shall have no obligation to determine the Trading Price per US$1,000 principal amount of Notes unless the Company has requested such determination in writing, and the Company shall have no obligation to make such request (or, if the Company is acting as Bid Solicitation Agent, the Company shall have no obligation to determine the Trading Price per US$1,000 principal amount of Notes) unless a Holder provides the Company with reasonable evidence that the Trading Price per US$1,000 principal amount of Notes on any Trading Day would be less than 98% of the product of the Last Reported Sale Price of the ADSs on such Trading Day and the Conversion Rate on such Trading Day, at which time the Company shall instruct the Bid Solicitation Agent (if other than the Company) in writing to determine, or if the Company is acting as Bid Solicitation Agent, the Company shall determine, the Trading Price per US$1,000 principal amount of Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per US$1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate. At such time as the Company directs the Bid Solicitation Agent in writing to solicit bid quotations, the Company will provide the Bid Solicitation Agent with the names and contact details of the three independent nationally recognized securities dealers the Company selects, and the Company will direct those securities dealers to provide bids to the Bid Solicitation Agent. If (x) the Company is not acting as Bid Solicitation Agent, and the Company does not, when the Company is required to, instruct the Bid Solicitation Agent to determine the Trading Price per US$1,000 principal amount of Notes, or if the Company instructs the Bid Solicitation Agent in writing to obtain bids and the Bid Solicitation Agent fails to make such determination, or (y) the Company is acting as Bid Solicitation Agent and the Company fails to make such determination when obligated as provided in the preceding sentence, then, in either case, the Trading Price per US$1,000 principal amount of Notes shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate on each Trading Day of such failure. If the Trading Price condition set forth above has been met,

the Company shall so notify the Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing. If, at any time after the Trading Price condition set forth above has been met, the Trading Price per US$1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate for such date, the Company shall so notify in writing the Holders, the Trustee and the Conversion Agent (if other than the Trustee) that the Trading Price condition set forth in this Section 14.01(b)(i) is no longer met and thereafter neither the Company nor the Bid Solicitation Agent (if other than the Company) shall be required to solicit bids again until another qualifying request is made as provided above. Neither the Trustee nor any of the Agents shall have any duty to appoint or monitor the Bid Solicitation Agent.

(ii) If, prior to the close of business on the Business Day immediately preceding September 15, 2029, the Company elects to:

A. issue to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs) any rights, options or warrants entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase Class A Ordinary Shares (directly or in the form of ADSs) at a price per share that is less than the average of the Last Reported Sale Prices of the ADSs, *divided by* the number of Class A Ordinary Shares then represented by one ADS, for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such issuance; or

B. distribute to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs) the Company's assets, securities or rights to purchase securities of the Company, which distribution has a per share value, as determined by the Board of Directors, exceeding 10% of (i) the Last Reported Sale Price of the ADSs on the Trading Day preceding the date of announcement for such distribution, *divided by* (ii) the number of Class A Ordinary Shares then represented by one ADS,

then, in either case, the Company shall notify all Holders of the Notes, the Trustee and the Conversion Agent (if other than the Trustee) in writing at least 45 Scheduled Trading Days prior to the Ex-Dividend Date for such issuance or distribution. Once the Company has given such notice, a Holder may surrender all or any portion of its Notes for conversion at any time from, and including, the later of (x) the date the Company provides such notice or (y) the Compliance Period End Date, until the earlier of (1) the close of business on the Business Day immediately preceding the Ex-Dividend Date for such issuance or distribution and (2) the Company's announcement that such issuance or distribution will not take place, in each case, even if the Notes are not otherwise convertible at such time.

(iii) If a transaction or event that constitutes a Fundamental Change or a Make-Whole Fundamental Change occurs prior to the close of business on the Business Day immediately preceding September 15, 2029, regardless of whether a Holder has the right to require the Company to repurchase the Notes pursuant to Section 15.02, or if the Company is a party to a consolidation, merger, binding share exchange, or transfer or lease of all or substantially all of its assets that occurs prior to the close of business on the Business Day immediately preceding September 15, 2029, in each case, pursuant to which the ADSs would be converted into cash, securities or other assets, all or any portion of a Holder's Notes may be surrendered for conversion at any time from or after the actual effective date of such transaction until 35 Trading Days after the actual effective date of such transaction or, if such transaction also constitutes a Fundamental Change, until the related Fundamental Change Repurchase Date. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing as promptly as practicable following the date the Company publicly announces such transaction.

(iv) After the Compliance Period End Date and prior to the close of business on the Business Day immediately preceding September 15, 2029, a Holder may surrender all or any portion of its Notes for conversion at any time during any calendar quarter commencing after the calendar quarter ending on June 30, 2025 (and only during such calendar quarter), if the Last Reported Sale Price of the ADSs for at least 20 Trading Days (whether or not consecutive) during the period of 30 consecutive Trading Days ending on, and including, the last Trading Day of the immediately preceding calendar quarter is greater than or equal to 130% of the Conversion Price on each applicable Trading Day. The Company shall notify the Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing if the Notes become convertible in accordance with this clause (iv).

(v) If the Company calls all of the Notes for redemption pursuant to Article XVI, then a Holder may surrender all or any portion of its Called Notes (in principal amounts of US$200,000 or integral multiple of US$200,000 in excess thereof) for conversion at any time prior to the close of business on the second Business Day prior to the Tax Redemption Date or the Optional Redemption, as applicable, even if the Notes are not otherwise convertible at such time. After that time, the right to convert such Called Notes on account of the Company's delivery of a Tax Redemption Notice or Optional Redemption Notice shall expire under this clause (v), unless the Company defaults in the payment of the related Redemption Price, in which case a Holder may convert all or any portion of its Called Notes (in principal amounts of US$200,000 or integral multiple of US$200,000 in excess thereof) until the Redemption Price has been paid or duly provided for.

If a Holder of any Note (or any owner of a beneficial interest in any Global Note) is reasonably not able to determine, before the close of business on the 42nd Scheduled trading Day immediately before the relevant Redemption Date, whether such Note or beneficial interest, as applicable, is to be redeemed pursuant to such redemption, then such Holder or owner, as applicable, will be entitled to convert such Note or beneficial interest, as applicable, at any time before the close of business on the second Business Day immediately prior to such Redemption

Date, unless the Company defaults in the payment of the related Redemption Price, in which case such Holder or owner, as applicable, will be entitled to convert such Note or beneficial interest, as applicable, until the Redemption Price has been paid or duly provided for, and in each case each such conversion will be deemed to be of a note called for redemption (a "**Deemed Redemption**").

If a Holder elects to convert Called Notes from, and including, the date of issuance of a the Tax Redemption Notice or Optional Redemption Notice, as the case may be, with respect to such Called Notes until the close of business on the second Business Day immediately preceding the relevant Redemption Date (or, if the Company defaults in the payment of the Redemption Price, until the Redemption Price has been paid or duly provided for) (any such period, a "**Redemption Period**"), the Company will, under certain circumstances, increase the Conversion Rate for such Called Notes as described under Section 14.03. Accordingly, if the Company elects to redeem fewer than all of the outstanding Notes as described under Section 16.02, Holders of the Notes that are not Called Notes will not be entitled to convert such Notes on account of the relevant Redemption Notice and will not be entitled to an increased Conversion Rate on account of the relevant Redemption Notice for conversions of such Notes during the related Redemption Period if such Notes are otherwise convertible.

Section 14.02 Conversion Procedure; Settlement Upon Conversion.

(a) Subject to this Section 14.02, Section 14.03(b) and Section 14.07(a), upon conversion of any Note, the Company shall pay or deliver, as the case may be, to the converting Holder, in respect of each US$1,000 principal amount of Notes being converted, cash ("**Cash Settlement**"), ADSs, together with cash, if applicable, in lieu of delivering any fractional ADSs in accordance with subsection (j) of this Section 14.02 ("**Physical Settlement**") or a combination of cash and ADSs, together with cash, if applicable, in lieu of delivering any fractional ADS in accordance with subsection (j) of this Section 14.02 ("**Combination Settlement**"), at its election, as set forth in this Section 14.02.

(i) All conversions of Called Notes for which the relevant Conversion Date occurs during the related Redemption Period, and all conversions for which the relevant Conversion Date occurs on or after September 15, 2029 shall be settled using the same Settlement Method.

(ii) Except for any conversions of Called Notes for which the relevant Conversion Date occurs during the relevant Redemption Period, and any conversions for which the relevant Conversion Date occurs on or after September 15, 2029, the Company shall use the same Settlement Method for all conversions with the same Conversion Date, but the Company shall not have any obligation to use the same Settlement Method with respect to conversions with different Conversion Dates.

(iii) If, in respect of any Conversion Date (or the period described in the third immediately succeeding set of parentheses, as the case may be), the Company elects a Settlement Method, the Company shall deliver a written notice (the "**Settlement Notice**") of the relevant Settlement Method in respect of such Conversion Date (or such period, as the case may be) to converting Holders, the Trustee and the Conversion Agent (if other

than the Trustee) no later than the close of business on the Trading Day immediately following the relevant Conversion Date (or, in the case of any conversions of Called Notes for which the relevant Conversion Date occurs during the relevant Redemption Period, in such Redemption Notice, or in the case of any conversions of Notes for which the relevant Conversion Date occurs on or after September 15, 2029, no later than September 15, 2029) (in each case, the "**Settlement Method Election Deadline**"). If the Company does not elect a Settlement Method prior to the Settlement Method Election Deadline, the Company shall no longer have the right to elect Cash Settlement or Physical Settlement and the Company shall be deemed to have elected Combination Settlement in respect of its Conversion Obligation (such settlement method, the "**Default Settlement Method**"), and the Specified Dollar Amount per US$1,000 principal amount of Notes shall be equal to US$1,000. Such Settlement Notice shall specify the relevant Settlement Method and in the case of an election of Combination Settlement, the relevant Settlement Notice shall indicate the Specified Dollar Amount per US$1,000 principal amount of Notes. If the Company delivers a Settlement Notice electing Combination Settlement in respect of its Conversion Obligation but does not indicate a Specified Dollar Amount per US$1,000 principal amount of Notes in such Settlement Notice, the Specified Dollar Amount per US$1,000 principal amount of Notes shall be deemed to be US$1,000.

(iv) The Company may, by written notice to Holders, the Trustee and the Conversion Agent (if other than the Trustee), on or before September 15, 2029, at it option, change the Default Settlement Method to any Settlement Method that the Company is then permitted to elect or irrevocably elect to satisfy its Conversion Obligation with respect to the Notes through any Settlement Method that the Company is then permitted to elect (including Combination Settlement with a Specified Dollar Amount per $1,000 principal amount of Notes of $1,000 or with an ability to continue to set the Specified Dollar Amount per $1,000 principal amount of Notes at or above any specific amount set forth in such election notice), or eliminate its right to elect a Settlement Method, in each case, that will apply for all Conversion Dates occurring subsequent to delivery of such notice. If the Company changes the Default Settlement Method or elects to irrevocably fix the Settlement Method, in either case, to Combination Settlement with an ability to continue to set the Specified Dollar Amount per $1,000 principal amount of Notes at or above a specific amount, the Company shall, after the date of such change or election, as the case may be, inform Holders converting their Notes, the Trustee and the Conversion Agent (if other than the Trustee) in writing of such Specified Dollar Amount in respect of the relevant conversion or conversions no later than the relevant Settlement Method Election Deadline for such conversion or conversions, or, if the Company does not timely inform the Holders, the Trustee and the Conversion Agent of the Specified Dollar Amount, such Specified Dollar Amount shall be the specific amount set forth in the change or election notice or, if no specific amount was set forth in the change or election notice, such Specified Dollar Amount shall be deemed to be $1,000 per $1,000 principal amount of Notes. If the Company changes the Default Settlement Method or irrevocably fixes the Settlement Method, the Company shall concurrently with providing notice to all Holders of the Notes, the Trustee and the Conversion Agent (if other than the Trustee) issue a report on Form 6-K (or any successor form) or press release announcing that the Company has elected to change the

Default Settlement Method or irrevocably fix the Settlement Method. Notwithstanding the foregoing, no such change in the Default Settlement Method or irrevocable election will affect any Settlement Method theretofore elected (or deemed to be elected) with respect to any Conversion Date pursuant to this Section 14.02. For the avoidance of doubt, such irrevocable election or change (as the case may be), if made, will be effective without the need to amend this Indenture or the Notes, including pursuant to Section 10.01(i). However, the Company may nonetheless choose to execute such an amendment at the Company's option.

(v) The cash, ADSs or a combination of cash and ADSs, as applicable, in respect of any conversion of Notes (the "**Settlement Amount**") shall be computed as follows:

A. if the Company elects to satisfy its Conversion Obligation in respect of such conversion by Physical Settlement, the Company shall deliver to the converting Holder in respect of each US$1,000 principal amount of Notes being converted a number of ADSs equal to the Conversion Rate in effect immediately after the close of business on the relevant Conversion Date;

B. if the Company elects to satisfy its Conversion Obligation in respect of such conversion by Cash Settlement, the Company shall pay to the converting Holder in respect of each US$1,000 principal amount of Notes being converted cash in an amount equal to the sum of the Daily Conversion Values for each of the 40 consecutive Trading Days during the related Observation Period; and

C. if the Company elects (or is deemed to have elected) to satisfy its Conversion Obligation in respect of such conversion by Combination Settlement, the Company shall pay or deliver, as the case may be, in respect of each US$1,000 principal amount of Notes being converted, a Settlement Amount equal to the sum of the Daily Settlement Amounts for each of the 40 consecutive Trading Days during the related Observation Period.

(vi) The Daily Settlement Amounts (if applicable) and the Daily Conversion Values (if applicable) shall be determined by the Company promptly following the last day of the Observation Period. Promptly after such determination of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering any fractional ADS, the Company shall notify the Trustee and the Conversion Agent (if other than the Trustee) in writing of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering fractional ADSs. The Trustee and the Conversion Agent (if other than the Trustee) shall have no responsibility for any such determination.

(b) Subject to Section 14.02(e), before any Holder of a Note shall be entitled to convert a Note as set forth above, such Holder shall (i) in the case of a Global Note, comply with (w) the DTC's procedures for converting a beneficial interest in a Global Note, (x) the Restricted Issuance Agreement with respect to any ADSs delivered upon conversion of the Notes prior to the Resale Restriction Termination Date or the Deposit Agreement, as applicable, in effect at that time and, (y) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h) and (ii) in the case of a Physical Note (1) complete, manually or electronically sign and deliver a duly completed irrevocable notice to the Conversion Agent as set forth in the Form of Notice of Conversion (or a facsimile, PDF or other electronic transmission thereof) (a "**Notice of Conversion**") at the office of the Conversion Agent and state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any ADSs to be delivered upon settlement of the Conversion Obligation to be registered, (2) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Conversion Agent, (3) if required, furnish appropriate endorsements and transfer documents and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h). The Trustee (and if different, the Conversion Agent) shall notify the Company of any conversion pursuant to this Article XIV on the Conversion Date, or promptly following receipt of instructions for such conversion. No Notice of Conversion with respect to any Notes may be delivered, and no Notes may be surrendered for conversion, by a Holder thereof if such Holder has also delivered a Fundamental Change Repurchase Notice or Repurchase Notice to the Company in respect of such Notes and has not validly withdrawn such Fundamental Change Repurchase Notice or Repurchase Notice, as the case may be, in accordance with Section 15.03.

By converting a beneficial interest in a Global Note into ADSs, the Holder is deemed to represent to the Company and the ADS Depositary that such Holder is not an "affiliate" (as defined in Rule 144) of the Company and has not been an "affiliate" of the Company during the three months immediately preceding the Conversion Date.

If more than one Note shall be surrendered for conversion at one time by the same Holder, the Conversion Obligation with respect to such Notes shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered.

(c) A Note shall be deemed to have been converted immediately prior to the close of business on the date (the "**Conversion Date**") that the Holder has complied with the requirements set forth in subsection (b) above. Except as set forth in Section 14.03(b) and Section 14.07(a), the Company shall pay or deliver, as the case may be, the consideration due in respect of the Conversion Obligation on the second Business Day immediately following the relevant Conversion Date, if the Company elects Physical Settlement, or on the second Business Day immediately following the last Trading Day of the relevant Observation Period, in the case of any other Settlement Method; *provided* that in respect of all conversions for which the relevant Conversion Date occurs on or after March 1, 2030 (if the Company elects Physical Settlement), the Company will deliver the consideration due in respect of such conversions on the Maturity Date. If any ADSs are due to a converting Holder, the Company shall issue or

cause to be issued, and deliver (if applicable) to such Holder, or such Holder's nominee or nominees, the full number of ADSs to which such Holder shall be entitled, (i) in book-entry format through the Depositary if the Conversion Date occurs on or after the Resale Restriction Termination Date, or (ii) in book-entry format through the ADS Depositary in accordance with the Restricted Issuance Agreement if the Conversion Date occurs prior to the Resale Restriction Termination Date, in each case, in satisfaction of the Company's Conversion Obligation.

(d) In case any certificated Note shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the Holder of the Note so surrendered a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note, without payment of any service charge by the converting Holder but, if required by the Company or Trustee, with payment of a sum sufficient to cover any documentary, stamp or similar issue or transfer tax or similar governmental charge required by law or that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such conversion being different from the name of the Holder of the old Notes surrendered for such conversion.

(e) If a Holder submits a Note for conversion, the Company shall pay any documentary, stamp, issue, transfer or similar tax due on the delivery of any ADSs upon conversion of the Notes or the issuance of the underlying Class A Ordinary Shares, unless the tax is due because the Holder requests such ADSs (or the Class A Ordinary Shares) to be issued in a name other than the Holder's name, in which case the Holder shall pay that tax. The Company shall pay the ADS Depositary's fees for the issuance of the ADSs.

(f) Except as provided in Section 14.04, no adjustment shall be made for dividends on any ADSs issued upon the conversion of any Note as provided in this Article 14.

(g) Upon the conversion of an interest in a Global Note, the Trustee shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversion of Notes effected through any Conversion Agent other than the Trustee.

(h) Upon conversion, a Holder shall not receive any separate cash payment for accrued and unpaid interest, if any, except as set forth below, and the Company shall not adjust the Conversion Rate for any accrued and unpaid interest on the Notes, if any. The Company's settlement of the full Conversion Obligation shall be deemed to satisfy in full its obligation to pay the principal amount of the Note and accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date. As a result, accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Upon a conversion of Notes into a combination of cash and ADSs, accrued and unpaid interest will be deemed to be paid first out of the cash paid upon such conversion. Notwithstanding the foregoing, if Notes are converted after the close of business on a Regular Record Date and prior to the open of business on the corresponding Interest Payment Date, Holders of such Notes as of the close of business on such Regular Record Date will receive the full amount of interest payable on such Notes on the corresponding Interest Payment Date notwithstanding the conversion. However, Notes surrendered for conversion during the period from the close of business on any Regular Record Date to the open of business on the

immediately following Interest Payment Date must be accompanied by an amount in U.S. dollars equal to the amount of interest payable on the Notes so converted (regardless of whether the converting Holder was the Holder of record on the corresponding Regular Record Date); *provided* that no such payment shall be required (1) for conversions following the Regular Record Date immediately preceding the Maturity Date; (2) with respect to conversions of any Called Notes, if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the second Business Day immediately succeeding the corresponding Interest Payment Date (or, if such Interest Payment Date is not a Business Day, the third Business Day immediately succeeding such Interest Payment Date); (3) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the second Business Day immediately succeeding the corresponding Interest Payment Date (or, if such Interest Payment Date is not a Business Day, the third Business Day immediately succeeding such Interest Payment Date); or (4) to the extent of any Defaulted Amounts, if any Defaulted Amounts exists at the time of conversion with respect to such Note.

(i) The Person in whose name any ADSs shall be issuable upon conversion shall be treated as a stockholder of record as of the close of business on the relevant Conversion Date (if the Company elects to satisfy the related Conversion Obligation by Physical Settlement) or the last Trading Day of the relevant Observation Period (if the Company elects to satisfy the related Conversion Obligation by Combination Settlement), as the case may be. Upon a conversion of Notes, such Person shall no longer be a Holder of such Notes surrendered for conversion.

(j) The Company shall not issue any fractional ADSs upon conversion of the Notes and shall instead pay cash in lieu of delivering any fractional ADS issuable upon conversion based on the Daily VWAP for the relevant Conversion Date (in the case of Physical Settlement) or based on the Daily VWAP for the last Trading Day of the relevant Observation Period (in the case of Combination Settlement). For each Note surrendered for conversion, if the Company has elected (or is deemed to have elected) Combination Settlement, the full number of ADSs that shall be issued upon conversion thereof shall be computed on the basis of the aggregate Daily Settlement Amounts for the relevant Observation Period and any fractional shares remaining after such computation shall be paid in cash.

Section 14.03 Increased Conversion Rate Applicable to Certain Notes Surrendered in Connection with Make-Whole Fundamental Changes. (a) If a Make-Whole Fundamental Change occurs prior to the Maturity Date and a Holder elects to convert its Notes in connection with such Make-Whole Fundamental Change, the Company shall, under the circumstances described below, increase the Conversion Rate for the Notes so surrendered for conversion by a number of additional ADSs (the "**Additional ADSs**"), as described below. A conversion of Notes shall be deemed for these purposes to be "in connection with" such Make-Whole Fundamental Change if the relevant Notice of Conversion is received by the Conversion Agent from, and including, the Effective Date of the Make-Whole Fundamental Change up to, and including, the second Business Day immediately prior to the related Fundamental Change Repurchase Date (or, in the case of a Make-Whole Fundamental Change that would have been a Fundamental Change but for the *proviso* in clause (b) of the definition thereof, the 35th Trading Day immediately following the Effective Date of such Make-Whole Fundamental Change). The Company shall provide written notification to Holders, the Trustee and the Conversion Agent (if other than the Trustee) of the Effective Date of any Make-Whole Fundamental Change and issue a press release announcing such Effective Date no later than five Business Days after such Effective Date.

(b) Upon surrender of Notes for conversion in connection with a Make-Whole Fundamental Change pursuant to Section 14.01(b)(iii), the Company shall, at its option, satisfy the related Conversion Obligation by Physical Settlement, Cash Settlement or Combination Settlement in accordance with Section 14.02; *provided*, *however*, that if, at the effective time of a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the Reference Property following such Make-Whole Fundamental Change is composed entirely of cash, for any conversion of Notes following the Effective Date of such Make-Whole Fundamental Change, the Conversion Obligation shall be calculated based solely on the ADS Price for the transaction and shall be deemed to be an amount of cash per US$1,000 principal amount of converted Notes equal to the Conversion Rate (including any adjustment for Additional ADSs), *multiplied by* such ADS Price. In such event, the Conversion Obligation will be determined and paid to Holders in cash on the second Business Day following the Conversion Date.

(c) The number of Additional ADSs, if any, by which the Conversion Rate shall be increased shall be determined by reference to the table below, based on the date on which the Make-Whole Fundamental Change occurs or becomes effective (the "**Effective Date**") and the price (the "**ADS Price**") paid (or deemed to be paid) per ADS in the Make-Whole Fundamental Change. If the holders of the ADSs receive in exchange for their ADSs only cash in a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the ADS Price shall be the cash amount paid per ADS. Otherwise, the ADS Price shall be the average of the Last Reported Sale Prices of the ADSs over the five Trading Day period ending on, and including, the Trading Day immediately preceding the Effective Date of the Make-Whole Fundamental Change.

(d) The ADS Prices set forth in the column headings of the table below shall be adjusted as of any date on which the Conversion Rate of the Notes is otherwise adjusted. The adjusted ADS Prices shall equal the ADS Prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the Conversion Rate immediately prior to such adjustment giving rise to the ADS Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional ADSs set forth in the table below shall be adjusted in the same manner and at the same time as the Conversion Rate as set forth in Section 14.04.

(e) The following table sets forth the number of Additional ADSs to be received per US$1,000 principal amount of Notes pursuant to this Section 14.03 for each ADS Price and Effective Date set forth below:

		ADS Price										
Effective Date	**US$2.42**	**US$2.6**	**US$2.7**	**US$3.09**	**US$3.5**	**US$4.01**	**US$5**	**US$6**	**US$7**	**US$10**	**US$15**	**US$20**
February 24, 2025	89.1265	74.5808	67.8667	48.3689	35.3829	25.1147	13.9900	7.9717	4.3771	0.1460	0.0000	0.0000
March 15, 2026	89.1265	72.8269	65.5148	44.8964	31.9000	22.1820	12.2300	6.9850	3.8429	0.1140	0.0000	0.0000
March 15, 2027	89.1265	69.8923	61.6963	39.6893	26.9943	18.2494	9.9460	5.7150	3.1514	0.0590	0.0000	0.0000
March 15, 2028	89.1265	60.6154	52.9593	32.2816	20.6657	13.3067	7.1460	4.1717	2.3186	0.0110	0.0000	0.0000
March 15, 2029	89.1265	57.3769	47.8741	23.5307	12.2886	7.0549	3.8280	2.3233	1.3186	0.0010	0.0000	0.0000
March 15, 2030	89.1265	57.3769	46.2741	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact ADS Prices and Effective Dates may not be set forth in the table above, in which case:

(i) if the ADS Price is between two ADS Prices in the table above or the Effective Date is between two Effective Dates in the table, the number of Additional ADSs shall be determined by a straight-line interpolation between the number of Additional ADSs set forth for the higher and lower ADS Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year;

(ii) if the ADS Price is greater than US$15 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate; and

(iii) if the ADS Price is less than US$2.42 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate.

Notwithstanding the foregoing, in no event shall the Conversion Rate per US$1,000 principal amount of Notes exceed 413.2231 ADSs, subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.04.

(f) Nothing in this Section 14.03 shall prevent an adjustment to the Conversion Rate pursuant to Section 14.04.

(g) If the Holder elects to convert its Notes in connection with a Tax Redemption or an Optional Redemption pursuant to Article XVI, the Conversion Rate shall be increased by a number of additional ADSs determined pursuant to this Section 14.03(g). The Company shall settle conversions of Notes as described in Section 14.02 and, for the avoidance of doubt, pay Additional Amounts, if any, with respect to any such conversion.

A conversion shall be deemed to be "in connection with" a Tax Redemption or an Optional Redemption pursuant to Article XVI if such Notes are Called Notes with respect to the relevant Redemption Notice and the relevant Conversion Date occurs during the relevant Redemption Period.

Simultaneously with providing such Redemption Notice, the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time.

The number of additional ADSs by which the Conversion Rate will be increased with respect to any conversion of Called Notes during the relevant Redemption Period will be determined by reference to the table in clause (e) above based on the Redemption Reference Date and the Redemption Reference Price (each as defined below), but determined for purposes of this Section 14.03(g) as if (x) the Holder had elected to convert its Notes in connection with a Make-Whole Fundamental Change, (y) the applicable "Redemption Reference Date" were the "Effective Date" as specified in clause (c) above and (z) the applicable "Redemption Reference

Price" were the "ADS price" as specified in clause (c) above. For this purpose, the date on which the Company delivers a Redemption Notice is a "**Redemption Reference Date**" and the average of the Last Reported Sale Prices of the ADSs over the five Trading Day immediately preceding, the date the Company delivers such Redemption Notice is the "**Redemption Reference Price**."

Section 14.04 Adjustment of Conversion Rate. If the number of Class A Ordinary Shares represented by the ADSs is changed after February 20, 2025 for any reason other than one or more of the events described in this Section 14.04, the Company shall make an appropriate adjustment to the Conversion Rate such that the number of Class A Ordinary Shares represented by the ADSs upon which conversion of the Notes is based remains the same.

Notwithstanding the adjustment provisions described in this Section 14.04, if the Company distributes to holders of the Class A Ordinary Shares any cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company (but excluding Expiring Rights) and a corresponding distribution is not made to holders of the ADSs, but, instead, the ADSs shall represent, in addition to Class A Ordinary Shares, such cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company, then an adjustment to the Conversion Rate described in this Section 14.04 shall not be made until and unless a corresponding distribution (if any) is made to holders of the ADSs, and such adjustment to the Conversion Rate shall be based on the distribution made to the holders of the ADSs and not on the distribution made to the holders of the Class A Ordinary Shares. However, in the event that the Company issues or distributes to all holders of the Class A Ordinary Shares any Expiring Rights, notwithstanding the immediately preceding sentence, the Company shall adjust the Conversion Rate pursuant to Section 14.04(b) (in the case of Expiring Rights described in clause (b) below entitling holders of the Class A Ordinary Shares for a period of not more than 45 calendar days after the announcement date of such issuance to subscribe for or purchase Class A Ordinary Shares or ADSs) or Section 14.04(c) (in the case of all other Expiring Rights).

For the avoidance of doubt, if any event described in this Section 14.04 results in a change to the number of Class A Ordinary Shares represented by the ADSs, then such a change shall be deemed to satisfy the Company's obligation to effect the relevant adjustment to the Conversion Rate on account of such an event to the extent such change reflects what a corresponding change to the Conversion Rate would have been on account of such event.

The Conversion Rate shall be adjusted from time to time by the Company if any of the following events occurs, except that the Company shall not make any adjustments to the Conversion Rate if Holders of the Notes participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of the ADSs and solely as a result of holding the Notes, in any of the transactions described in this Section 14.04, without having to convert their Notes, as if they held a number of ADSs equal to the Conversion Rate, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder. Neither the Trustee nor the Conversion Agent shall have any responsibility to monitor or verify the accuracy of any calculation of adjustment of the Conversion Rate and the same shall be conclusive and binding on the Holders, absent manifest

error. Notice of such adjustment to the Conversion Rate shall be given by the Company promptly in writing to the Holders, the Trustee and the Conversion Agent and shall be conclusive and binding on the Holders, absent manifest error.

(a) If the Company exclusively issues Class A Ordinary Shares as a dividend or distribution on the Class A Ordinary Shares, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the open of business on the Effective Date of such share split or share combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date or Effective Date, as applicable;

OS_0 = the number of Class A Ordinary Shares outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date, as applicable (before giving effect to any such dividend, distribution, split or combination) ; and

OS_1 = the number of Class A Ordinary Shares outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 14.04(a) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 14.04(a) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Company issues to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs) any rights (other than in connection with a stockholder rights plan), options or warrants entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase Class A Ordinary Shares (directly or in the form of ADSs) at a price per Class A Ordinary Share that is less than the average of the Last Reported Sale Prices of the Class A Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Class A Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including,

the Trading Day immediately preceding the date of announcement of such issuance, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0	=	the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such issuance;
CR_1	=	the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;
OS_0	=	the number of Class A Ordinary Shares outstanding immediately prior to the open of business on such Ex-Dividend Date;
X	=	the total number of Class A Ordinary Shares (directly or in the form of ADSs) deliverable pursuant to such rights, options or warrants; and
Y	=	the number of Class A Ordinary Shares equal to (i) the aggregate price payable to exercise such rights, options or warrants, *divided by* (ii) the quotient of (a) the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the issuance of such rights, options or warrants *divided by* (b) the number of Class A Ordinary Shares then represented by one ADS.

Any increase made under this Section 14.04(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such issuance. To the extent that Class A Ordinary Shares or ADSs are not delivered after the expiration of such rights, options or warrants, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of Class A Ordinary Shares actually delivered (directly or in the form of ADSs). If such rights, options or warrants are not so issued, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect if such Ex-Dividend Date for such issuance had not occurred.

For purposes of this Section 14.04(b) and Section 14.01(b)(ii)A, in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Class A Ordinary Shares (directly or in the form of ADSs) at a price per Class A Ordinary Share that is less than such average of the Last Reported Sale Prices of the Class A Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Class A Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such issuance, and in determining the aggregate offering price of such Class A Ordinary Shares or ADSs, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) If the Company distributes shares of its Capital Stock, evidences of its indebtedness, other assets or property of the Company or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs), excluding (i) dividends, distributions or issuances as to which an adjustment was effected pursuant to Section 14.04(a) or Section 14.04(b), (ii) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to Section 14.04(d), and (iii) Spin-Offs as to which the provisions set forth below in this Section 14.04(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or warrants to acquire Capital Stock or other securities of the Company, the "**Distributed Property**"), then the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

SP_0 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Class A Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Board of Directors) of the Distributed Property with respect to each outstanding Class A Ordinary Share (directly or in the form of ADSs) on the Ex-Dividend Date for the ADSs for such distribution.

Any increase made under the portion of this Section 14.04(c) above shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect if such distribution had not been declared. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, in respect of each US$1,000 principal amount thereof, at the same time and upon the same terms as holders of the ADSs receive the Distributed Property, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of ADSs equal to the Conversion Rate in effect on the Record Date for the ADSs for the distribution.

With respect to an adjustment pursuant to this Section 14.04(c) where there has been a payment of a dividend or other distribution on the Class A Ordinary Shares (directly or in the form of ADSs) of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company, that are, or, when issued, will be,

listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the end of the Valuation Period;

CR_1 = the Conversion Rate in effect immediately after the end of the Valuation Period;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Class A Ordinary Shares (directly or in the form of ADSs) applicable to one Class A Ordinary Share (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 as if references therein to the ADSs were to such Capital Stock or similar equity interest) over the first 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Class A Ordinary Shares then represented by one ADS) over the Valuation Period.

The increase to the Conversion Rate under the preceding paragraph shall occur at the close of business on the last Trading Day of the Valuation Period; *provided* that (x) in respect of any conversion of Notes for which Physical Settlement is applicable, if the relevant Conversion Date occurs during the Valuation Period, references to "10" in the preceding paragraph shall be deemed to be replaced with such lesser number of Trading Days as have elapsed between the Ex-Dividend Date of such Spin-Off and the Conversion Date in determining the Conversion Rate and (y) in respect of any conversion of Notes for which Cash Settlement or Combination Settlement is applicable, for any Trading Day that falls within the relevant Observation Period for such conversion and within the Valuation Period, references to "10" in the preceding paragraph shall be deemed to be replaced with such lesser number of Trading Days as have elapsed between the Ex-Dividend Date of such Spin-Off and such Trading Day in determining the Conversion Rate as of such Trading Day.

For purposes of this Section 14.04(c) (and subject in all respect to Section 14.11), rights, options or warrants distributed by the Company to all holders of the Class A Ordinary Shares (directly or in the form of ADSs) entitling them to subscribe for or purchase shares of the Company's Capital Stock, including Class A Ordinary Shares (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such Class A Ordinary Shares (directly or in the form of ADSs); (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Class A Ordinary Shares (directly or in the form of ADSs), shall be deemed not to have been distributed for purposes of this Section 14.04(c) (and no adjustment to the Conversion Rate under this Section 14.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been

distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 14.04(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 14.04(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per Class A Ordinary Share redemption or purchase price received by a holder or holders of Class A Ordinary Shares (directly or in the form of ADSs) with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Class A Ordinary Shares (directly or in the form of ADSs) as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 14.04(a), Section 14.04(b) and this Section 14.04(c), if any dividend or distribution to which this Section 14.04(c) is applicable also includes one or both of:

(A) a dividend or distribution of Class A Ordinary Shares (directly or in the form of ADSs) to which Section 14.04(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 14.04(b) is applicable (the "**Clause B Distribution**"),

then (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 14.04(c) is applicable (the "**Clause C Distribution**") and any Conversion Rate adjustment required by this Section 14.04(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 14.04(a) and Section 14.04(b) with respect thereto shall then be made, except that, if determined by the Company (I) the "Ex-Dividend Date" of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex-Dividend Date of the Clause C Distribution and (II) any Class A Ordinary Shares (directly or in the form of ADSs) included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date" within the meaning of Section 14.04(a) or "outstanding immediately prior to the open of business on such Ex-Dividend Date" within the meaning of Section 14.04(b).

(d) If any cash dividend or distribution is made to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs), the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for the ADSs for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP_0 = the Last Reported Sale Price of the ADSs (*divided by* the number of Class A Ordinary Shares then represented by one ADS) on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per Class A Ordinary Share the Company distributes to all or substantially all holders of the Class A Ordinary Shares (directly or in the form of ADSs).

Any increase pursuant to this Section 14.04(d) shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each US$1,000 principal amount of Notes, at the same time and upon the same terms as holders of the ADSs, the amount of cash that such Holder would have received if such Holder owned a number of ADSs equal to the Conversion Rate on the Record Date for such cash dividend or distribution.

(e) If the Company or any of its Subsidiaries or consolidated affiliated entities make a payment in respect of a tender or exchange offer for the Class A Ordinary Shares (directly or in the form of ADSs), to the extent that the cash and value of any other consideration included in the payment per Class A Ordinary Share exceeds the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Class A Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

CR_0	=	the Conversion Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
CR_1	=	the Conversion Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
AC	=	the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for Class A Ordinary Shares or ADSs, as the case may be, purchased in such tender or exchange offer;
OS_0	=	the number of Class A Ordinary Shares outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all Class A Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer);
OS_1	=	the number of Class A Ordinary Shares outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all Class A Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer); and
SP_1	=	the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Class A Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Conversion Rate under this Section 14.04(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that (x) in respect of any conversion of Notes for which Physical Settlement is applicable, if the relevant Conversion Date occurs during the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date of any tender or exchange offer, references to "10" or "10th" in the preceding paragraph shall be deemed replaced with such lesser number of Trading Days as have elapsed between the date that such tender or exchange offer expires and the Conversion Date in determining the Conversion Rate and (y) in respect of any conversion of Notes for which Cash Settlement or Combination Settlement is applicable, for any Trading Day that falls within the relevant Observation Period for such conversion and within the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date of any tender or exchange offer, references to "10" or "10th" in the preceding paragraph shall be deemed replaced with such lesser number of Trading Days as have elapsed between the expiration date of such tender or exchange offer and such Trading Day in determining the Conversion Rate as of such Trading Day.

(f) Notwithstanding this Section 14.04 or any other provision of this Indenture or the Notes, if a Conversion Rate adjustment becomes effective on any Ex-Dividend Date, and a Holder that has converted its Notes on or after such Ex-Dividend Date and on or prior to the related Record Date would be treated as the record holder of the ADSs as of the related Conversion Date as described under Section 14.02(i) based on an adjusted Conversion Rate for such Ex-Dividend Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 14.04, the Conversion Rate adjustment relating to such Ex-Dividend Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the ADSs on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment. Notwithstanding this Section 14.04 or any other provision of this Indenture or the Notes, the Company will not be required to adjust the Conversion Rate unless such adjustment would require an increase or decrease of at least one percent; *provided*, *however*, that any such minor adjustments that are not required to be made will be carried forward and taken into account in any subsequent adjustment, and *provided*, *further*, that any such adjustment of less than one percent that has not been made shall be made upon the occurrence of (i) the Effective Date for any Fundamental Change or Make-Whole Fundamental Change and (ii) in the case of any Note to which Physical Settlement applies, the relevant Conversion Date, and, in the case of any Note to which Cash Settlement or Combination Settlement applies, each Trading Day of the applicable Observation Period. In addition, the Company shall not account for such deferrals when determining whether any of the conditions to the conversion have been satisfied or what number of Ordinary Shares or ADSs a Holder would have held on a given day had it converted its Notes.

(g) Except as stated herein, the Company shall not adjust the Conversion Rate for the issuance of Class A Ordinary Shares or ADSs or any securities convertible into or exchangeable for Class A Ordinary Shares or ADSs or the right to purchase Class A Ordinary Shares or ADSs or such convertible or exchangeable securities.

(h) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 14.04, and to the extent permitted by applicable law and subject to the applicable rules of The Nasdaq Global Select Market and any other securities exchange on which any of the Company's securities are then listed, the Company from time to time may increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Board of Directors determines that such increase would be in the Company's best interest, and the Company may (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of the Class A Ordinary Shares or the ADSs or rights to purchase Class A Ordinary Shares or ADSs in connection with a dividend or distribution of Class A Ordinary Shares or ADSs (or rights to acquire Class A Ordinary Shares or ADSs) or similar event.

(i) Notwithstanding anything to the contrary in this Article XIV, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any Class A Ordinary Shares or ADSs pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Class A Ordinary Shares or ADSs under any plan;

(ii) upon the issuance of any Class A Ordinary Shares or ADSs or options or rights to purchase those Class A Ordinary Shares or ADSs pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of the Company's Subsidiaries and the Company's consolidated affiliated entities;

(iii) upon the repurchase of any Ordinary Shares or ADSs pursuant to an open-market share repurchase program or other buyback transaction that is not a tender offer or exchange offer of the nature described in clause (e) of this Section 14.04 above;

(iv) upon the repurchase of any existing convertible senior notes issued by the Company at the holder's option pursuant to the terms of the related indenture;

(v) upon the issuance of any Class A Ordinary Shares or ADSs pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) of this subsection and outstanding as of the date the Notes were first issued (other than any rights under a rights plan);

(vi) solely for a change in the par value of the Class A Ordinary Shares or ADSs; or

(vii) for accrued and unpaid interest, if any.

(j) All calculations and other determinations under this Article XIV shall be made by the Company and shall be made to the nearest one-ten thousandth (1/10,000) of an ADS.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly deliver to the Trustee (and the Conversion Agent if not the Trustee) an Officer's Certificate setting forth (i) the adjusted Conversion Rate, (ii) the subsection of this Section 14.04 pursuant to which such adjustment has been made, showing in reasonable detail the facts upon which such adjustment is based, and (iii) the date as of which such adjustment is effective, and such Officer's Certificate shall be conclusive evidence of the accuracy of such adjustment absent manifest error. Unless and until a Responsible Officer of the Trustee shall have received such Officer's Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall deliver such notice of such adjustment of the Conversion Rate to each Holder at its last address appearing on the Note Register of this Indenture. Failure to deliver such notice shall not affect the legality or validity of any such adjustment. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate or the information and calculations contained therein.

(l) For purposes of this Section 14.04, the number of Class A Ordinary Shares at any time outstanding shall not include Class A Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs) so long as the Company does not pay any dividend or make any distribution on Class A Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs), but shall include Class A Ordinary Shares issuable in respect of scrip certificates issued in lieu of fractions of Class A Ordinary Shares.

Section 14.05 Adjustments of Prices. Whenever any provision of this Indenture requires the Company to calculate the Last Reported Sale Prices, the Daily VWAPs, the Daily Conversion Values, the Daily Settlement Amounts, the ADS Price for purposes of a Make-Whole Fundamental Change or the Redemption Reference Price for purposes of the Company's election to redeem the Notes in accordance with Article XVI over a span of multiple days, the Board of Directors shall make appropriate adjustments to each to account for any adjustment to the Conversion Rate that becomes effective pursuant to Section 14.04, or any event requiring an adjustment to the Conversion Rate pursuant to Section 14.04 where the Ex-Dividend Date, Effective Date or expiration date, as the case may be, of the event occurs, at any time during the period when such Last Reported Sale Prices, ADS Prices, the Redemption Reference Price, the Daily VWAPs, the Daily Conversion Values or the Daily Settlement Amounts are to be calculated.

Section 14.06 Class A Ordinary Shares to Be Fully Paid. The Company shall provide, free from preemptive rights, out of its authorized but unissued Class A Ordinary Shares or Class A Ordinary Shares held in treasury, a sufficient number of Class A Ordinary Shares that corresponds to the number of ADSs due upon conversion of the Notes from time to time as such Notes are presented for conversion (assuming delivery of the maximum number of Additional ADSs pursuant to Section 14.03 and that at the time of computation of such number of Class A Ordinary Shares, all such Notes would be converted by a single Holder and that Physical Settlement were applicable).

Section 14.07 Effect of Recapitalizations, Reclassifications and Changes of the Class A Ordinary Shares.

(a) In the case of:

(i) any recapitalization, reclassification or change of the ADSs or Class A Ordinary Shares (other than changes resulting from a subdivision or combination),

(ii) any consolidation, merger, combination or similar transaction involving the Company,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's Subsidiaries and consolidated affiliated entities substantially as an entirety, or

(iv) any statutory share exchange,

in each case, as a result of which the ADS or the Class A Ordinary Shares would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Merger Event**"), then, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 10.01(f) providing that, at and after the effective time of such Merger Event, the right to convert each US$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of ADSs equal to

the Conversion Rate immediately prior to such Merger Event would have owned or been entitled to receive (the "**Reference Property**," with each "**unit of Reference Property**" meaning the kind and amount of Reference Property that a holder of one ADS is entitled to receive) upon such Merger Event; *provided*, *however*, that at and after the effective time of the Merger Event (A) the Company shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of Notes in accordance with Section 14.02 and (B) (I) any amount payable in cash upon conversion of the Notes in accordance with Section 14.02 shall continue to be payable in cash, (II) any ADSs that the Company would have been required to deliver upon conversion of the Notes in accordance with Section 14.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of ADSs would have been entitled to receive in such Merger Event and (III) the Daily VWAP shall be calculated based on the value of a unit of Reference Property that a holder of one ADS would have received in such transaction.

If the Merger Event causes the ADSs or Class A Ordinary Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of holder election), then (i) the Reference Property into which the Notes will be convertible shall be deemed to be the weighted average of the types and amounts of consideration actually received by the holders of ADSs, and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one ADS. If the holders of the ADSs or Class A Ordinary Shares receive only cash in such Merger Event, then for all conversions for which the relevant Conversion Date occurs after the effective date of such Merger Event (A) the consideration due upon conversion of each US$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased by any Additional ADSs pursuant to Section 14.03), *multiplied by* the price paid per ADS or Class A Ordinary Share, as applicable, in such Merger Event and (B) the Company shall satisfy the Conversion Obligation by paying cash to converting Holders on the second Business Day immediately following the relevant Conversion Date. The Company shall provide written notice to Holders, the Trustee and the Conversion Agent (if other than the Trustee) of such weighted average as soon as practicable after such determination is made.

Such supplemental indenture described in the second immediately preceding paragraph shall (i) provide for anti-dilution and other adjustments that shall be as nearly equivalent as is practicable to the adjustments provided for in this Article XIV (it being understood that no such adjustments shall be required with respect to any portion of the Reference Property that does not consist of shares of Common Equity (however evidenced) or depositary receipts in respect thereof) and (ii) contain such other provisions that the Board of Directors determines in good faith are appropriate to preserve the economic interests of the Holders and to give effect to the provisions described in this Section 14.07. If, in the case of any Merger Event, the Reference Property includes shares of stock, securities or other property or assets (including cash or any combination thereof) of a Person other than the Company or the successor or purchasing Person, as the case may be, in such Merger Event, then such other Person shall also execute such supplemental indenture, and such supplemental indenture shall contain such additional provisions to protect the interests of the Holders of the Notes, including the right of Holders to require the Company to repurchase their Notes upon a Fundamental Change pursuant to Section 15.02 and the right of Holders to require the Company to repurchase their Notes on March 15, 2028 pursuant to Section 15.01, as the Board of Directors shall consider necessary by reason of the foregoing.

(b) [Reserved]

(c) The Company shall not become a party to any Merger Event unless its terms are consistent with this Section 14.07. None of the foregoing provisions shall affect the right of a Holder of Notes to convert its Notes into cash, ADSs or a combination of cash and ADSs, as applicable, as set forth in Section 14.01 and Section 14.02 prior to the effective date of such Merger Event.

(d) The above provisions of this Section shall similarly apply to successive Merger Events.

Section 14.08 Certain Covenants. (a) The Company covenants that all ADSs delivered upon conversion of Notes, and all Class A Ordinary Shares represented by such ADSs, will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(b) The Company covenants that, if any ADSs to be provided for the purpose of conversion of Notes hereunder, or any Class A Ordinary Shares represented by such ADSs, require registration with or approval of any governmental authority under any federal or state law before such ADSs may be validly issued upon conversion, the Company will, to the extent then permitted by the rules and interpretations of the Commission, secure such registration or approval, as the case may be.

(c) The Company further covenants that if at any time the ADSs shall be listed on any national securities exchange or automated quotation system the Company will list and keep listed, so long as the ADSs shall be so listed on such exchange or automated quotation system, any ADSs deliverable upon conversion of the Notes.

(d) The Company further covenants to take all actions and obtain all approvals and registrations required with respect to the conversion of the Notes into ADSs and the issuance, and deposit into the ADS facility, of the Class A Ordinary Shares represented by such ADSs. The Company has reserved and will keep available at all times an adequate number of the Class A Ordinary Shares for the purposes of enabling the Company to satisfy its obligation to deliver ADSs. The Company also undertakes to maintain, as long as any Notes are outstanding, the effectiveness of a registration statement on Form F-6 relating to the ADSs and an adequate number of ADSs available for issuance thereunder such that ADSs can be delivered in accordance with the terms of this Indenture, the Notes and the Deposit Agreement or Restricted Issuance Agreement, as applicable, upon conversion of the Notes.

Section 14.09 Responsibility of Trustee. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine the Conversion Rate (or any adjustment thereto) or whether any facts exist that may require any adjustment (including any increase) of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any ADSs, or of any securities, property or cash that

may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any ADSs or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion, the accuracy or inaccuracy of any mathematical calculation or formulae under this Indenture, whether by the Company or any Person so authorized by the Company for such purpose under this Indenture or the failure by the Company to comply with any of the duties, responsibilities or covenants of the Company contained in this Article. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.07 relating either to the kind or amount of ADSs or securities or property (including cash) receivable by Holders upon the conversion of their Notes after any event referred to in such Section 14.07 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept (without any independent investigation) as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officer's Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto. Neither the Trustee nor the Conversion Agent shall be responsible for determining or verifying whether any event has occurred that makes the Notes eligible for conversion or no longer eligible therefor until the Company has delivered to the Trustee and the Conversion Agent the notices referred to in Section 14.01(b) with respect to the commencement or termination of such conversion rights, on which notices the Trustee and the Conversion Agent may conclusively rely, and the Company agrees to deliver such notices to the Trustee and the Conversion Agent immediately after the occurrence of any such event or at such other times as shall be provided for in this Article XIV. Except as otherwise expressly provided herein, neither the Trustee nor any other agent acting under this Indenture (other than the Company, if acting in such capacity) shall have any obligation to make any calculation or to determine or verify whether the Notes may be surrendered for conversion pursuant to this Indenture, or to notify the Company or the Depositary or any of the Holders if the Notes have become convertible pursuant to the terms of this Indenture.

Section 14.10 Notice to Holders Prior to Certain Actions. In case of any:

(a) action by the Company or one of its Subsidiaries that would require an adjustment in the Conversion Rate pursuant to Section 14.04 or Section 14.11;

(b) Merger Event; or

(c) voluntary or involuntary dissolution, liquidation or winding-up of the Company or any of its Subsidiaries;

then, in each case (unless notice of such event is otherwise required pursuant to another provision of this Indenture), the Company shall cause to be filed with the Trustee and the Conversion Agent (if other than the Trustee) and to be delivered to each Holder at its address appearing on the Note Register, as promptly as possible but in any event at least 20 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such action by the Company or one of its Subsidiaries or, if a record is

not to be taken, the date as of which the holders of Class A Ordinary Shares or ADSs, as the case may be, of record are to be determined for the purposes of such action by the Company or one of its Subsidiaries, or (ii) the date on which such Merger Event, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Class A Ordinary Shares or ADSs, as the case may be, of record shall be entitled to exchange their Class A Ordinary Shares or ADSs, as the case may be, for securities or other property deliverable upon such Merger Event, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company or one of its Subsidiaries, Merger Event, dissolution, liquidation or winding-up.

Section 14.11 Stockholder Rights Plans. To the extent that the Company has a rights plan in effect, upon conversion of the Notes, each ADS, if any, delivered upon such conversion shall be entitled to receive (either directly or in respect of the Class A Ordinary Shares underlying such ADSs) the appropriate number of rights, if any, and the certificates representing the ADSs delivered upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion of Notes, the rights have separated from the Class A Ordinary Shares underlying the ADSs in accordance with the provisions of the applicable stockholder rights plan, the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all or substantially all holders of the Class A Ordinary Shares Distributed Property as provided in Section 14.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 14.12 Limit on Issuance of ADSs Upon Conversion. Notwithstanding anything to the contrary in this Indenture, if an event occurs that would result in an increase in the Conversion Rate by an amount in excess of limitations imposed by any shareholder approval rules or listing standards of any national or regional securities exchange that are applicable to the Company, the Company will, at its option, either obtain stockholder approval of any issuance of ADSs upon conversion of the Notes in excess of such limitations or pay cash in lieu of delivering any ADSs otherwise deliverable upon conversions in excess of such limitations based on the Daily VWAP for the relevant Conversion Date (in the case of Physical Settlement) or based on the Daily VWAP for each Trading Day of the relevant Observation Period (in the case of Combination Settlement) in respect of which, in lieu of delivering ADSs, the Company pays cash pursuant to this Section 14.12.

Section 14.13 Termination of Depositary Receipt Program. If the Class A Ordinary Shares cease to be represented by ADSs issued under a depositary receipt program sponsored by the Company, all references in this Indenture to the ADSs shall be deemed to have been replaced by a reference to the number of Class A Ordinary Shares (and other property, if any) represented by the ADSs on the last day on which the ADSs represented the Class A Ordinary Shares and as if the Class A Ordinary Shares and the other property had been distributed to holders of the ADSs on that day. In addition, all references to the Last Reported Sale Price of the ADSs will be deemed to refer to the Last Reported Sale Price of the Class A Ordinary Shares, and other appropriate adjustments, including adjustments to the Conversion Rate, will be made to reflect such change. In making such adjustments, where currency translations between U.S. dollars and any other currency are required, the exchange rate in effect on the date of determination will apply. The Company shall provide written notice to the Holders, the Trustee and the Conversion Agent (if other than the Trustee) upon the occurrence of the foregoing.

Section 14.14 Exchange In Lieu Of Conversion. (a) When a Holder surrenders its Notes for conversion, the Company may, at its election (an "**Exchange Election**"), cause, on or prior to the Business Day immediately following the Conversion Date, such Notes to be transferred to one or more financial institutions designated by the Company (each, a "**Designated Financial Institution**") for exchange in lieu of conversion. In order to accept any Notes surrendered for conversion, the Designated Financial Institution(s) must agree to timely pay and/or deliver, as the case may be, in exchange for such Notes, the cash, ADSs or a combination thereof, at the Company's election, that would otherwise be due upon conversion pursuant to Section 14.02 or such other amount agreed to by such Holder and the Designated Financial Institution(s) (the "**Conversion Consideration**"). If the Company makes an Exchange Election, the Company shall, by the close of business on the Business Day following the relevant Conversion Date, notify in writing the Trustee, the Conversion Agent (if other than the Trustee) and the Holder surrendering Notes for conversion that the Company has made the Exchange Election and the Company shall promptly notify the Designated Financial Institution(s) of the relevant deadline for delivery of the Conversion Consideration and the type of Conversion Consideration to be paid and/or delivered, as the case may be.

(b) Any Notes delivered to the Designated Financial Institution(s) shall remain outstanding, subject to applicable procedures of the Depositary. If the Designated Financial Institution(s) agree(s) to accept any Notes for exchange but does not timely pay and/or deliver, as the case may be, the related Conversion Consideration, or if such Designated Financial Institution(s) does not accept the Notes for exchange, the Company shall pay and/or deliver, as the case may be, the relevant Conversion Consideration, as, and at the time, required pursuant to this Indenture as if the Company had not made the Exchange Election.

(c) The Company's designation of any Designated Financial Institution(s) to which the Notes may be submitted for exchange does not require such Designated Financial Institution(s) to accept any Notes.

(d) The Conversion Agent will be entitled to receive and conclusively rely upon the Company's instructions in connection with effecting any Exchange Election.

ARTICLE XV.
REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 15.01 Repurchase at Option of Holders. (a) Each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash on March 15, 2028 (the "**Repurchase Date**"), all of such Holder's Notes, or any portion thereof that is equal to US$200,000 or an integral multiple of US$200,000 in excess thereof, at a repurchase price (the "**Repurchase Price**") that is equal to 100% of the principal amount of the Notes to be repurchased, *plus* accrued and unpaid interest, if any, to, but excluding, the Repurchase Date; *provided* that any such accrued and unpaid interest shall be paid not to the Holders submitting the Notes for repurchase on the Repurchase Date but instead to the Holders of such Notes at the close of business on the Regular Record Date immediately preceding the Repurchase Date. Not later than 20 Business Days prior to the Repurchase Date, the Company shall provide a notice (the "**Company Notice**") to the Trustee, to the Paying Agent and to each Holder at its address shown in the Note Register (and to beneficial owners as required by applicable law). The

Company Notice shall include a form of Repurchase Notice to be completed by a holder and shall state:

(i) the last date on which a Holder may exercise its repurchase right pursuant to this Section 15.01 (the "**Repurchase Expiration Time**");

(ii) the Repurchase Price;

(iii) the Repurchase Date;

(iv) the name and address of the Conversion Agent and Paying Agent;

(v) that the Notes with respect to which a Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Repurchase Notice in accordance with the terms of this Indenture;

(vi) that the Holder shall have the right to withdraw any Notes surrendered prior to the Repurchase Expiration Time; and

(vii) the procedures a Holder must follow to exercise its repurchase rights under this Section 15.01 and a brief description of those rights.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Simultaneously with providing the Company Notice, the Company shall publish a notice containing the information included in the Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at that time.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.01.

Repurchases of Notes under this Section 15.01 shall be made, at the option of the Holder thereof, upon:

A. delivery to the Paying Agent by the Holder of a duly completed notice (the "**Repurchase Notice**") in the form set forth in Attachment 3 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depositary's procedures for surrendering interests in global notes, if the Notes are Global Notes, in each case during the period beginning at any time from the open of business on the date that is 20 Business Days prior to the Repurchase Date until the close of business on the second Business Day immediately preceding the Repurchase Date; and

B. delivery of the Notes, if the Notes are Physical Notes, to the Paying Agent at any time after delivery of the Repurchase Notice (together with all necessary endorsements) at the Paying Agent Office, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depositary, in each case such delivery being a condition to receipt by the Holder of the Repurchase Price therefor.

Each Repurchase Notice shall state:

A. in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;

B. the portion of the principal amount of the Notes to be repurchased, which must be US$200,000 or an integral multiple of US$200,000 in excess thereof; and

C. that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, *however*, that if the Notes are Global Notes, the Repurchase Notice must comply with appropriate Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Repurchase Notice contemplated by this Section 15.01 shall have the right to withdraw, in whole or in part, such Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Repurchase Date by delivery of a duly completed written notice of withdrawal to the Paying Agent in accordance with Section 15.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

No Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered for repurchase pursuant to this Section 15.01 by a Holder thereof to the extent such Holder has also delivered a Fundamental Change Repurchase Notice with respect to such Note in accordance with Section 15.02 and not validly withdrawn such Fundamental Change Repurchase Notice in accordance with Section 15.03.

(b) Notwithstanding the foregoing, no Notes may be repurchased by the Company at the option of the Holders on the Repurchase Date if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such Repurchase Date (except in the case of an acceleration resulting from a default by the Company in the payment of the Repurchase Price with respect to such Notes). The Paying Agent will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a Default by the Company in the payment of the Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.02 Repurchase at Option of Holders Upon a Fundamental Change. (a) If a Fundamental Change occurs at any time prior to the Maturity Date, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes, or any portion thereof that is equal to US$200,000 or an integral multiple of US$200,000 in excess thereof, on the Business Day (the "**Fundamental Change Repurchase Date**") notified in writing by the Company as set forth in Section 15.02(c) that is not less than 20 Business Days or more than 35 Business Days following the date of the Fundamental Change Company Notice, at a repurchase price equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest thereon, if any, to, but excluding, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**"), unless the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the Interest Payment Date to which such Regular Record Date relates, in which case the Company shall instead pay the full amount of accrued and unpaid interest, if any, to Holders of record as of such Regular Record Date on such Interest Payment Date, and the Fundamental Change Repurchase Price shall be equal to 100% of the principal amount of Notes to be repurchased pursuant to this Article XV.

(b) Repurchases of Notes under this Section 15.02 shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent by a Holder of a duly completed notice (the "**Fundamental Change Repurchase Notice**") in the form set forth in Attachment 2 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depositary's procedures for surrendering interests in Global Notes, if the Notes are Global Notes, in each case on or before the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date; and

(ii) delivery of the Notes, if the Notes are Physical Notes, to the Paying Agent at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements for transfer) or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depositary, in each case such delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

The Fundamental Change Repurchase Notice in respect of any Notes to be repurchased shall state:

(i) in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;

(ii) the portion of the principal amount of Notes to be repurchased, which must be US$200,000 or an integral multiple of US$200,000 thereof; and

(iii) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, *however*, that if the Notes are Global Notes, the Fundamental Change Repurchase Notice must comply with appropriate Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 15.02 shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 15.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

No Fundamental Change Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered for repurchase pursuant to this Section 15.02 by a Holder thereof to the extent such Holder has also delivered a Repurchase Notice with respect to such Note in accordance with Section 15.01 and not validly withdrawn such Repurchase Notice in accordance with Section 15.03.

(c) On or before the 20th calendar day after the occurrence of the effective date of a Fundamental Change, the Company shall provide to all Holders, the Trustee and the Paying Agent (if other than the Trustee) a written notice (the "**Fundamental Change Company Notice**") of the occurrence of the effective date of the Fundamental Change and of the repurchase right at the option of the Holders arising as a result thereof. In the case of Physical Notes, such notice shall be by first class mail or, in the case of Global Notes, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Simultaneously with providing such notice, the Company shall publish a notice containing the information set forth in the Fundamental Change Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at that time. Each Fundamental Change Company Notice shall specify:

(i) the events causing the Fundamental Change;

(ii) the date of the Fundamental Change;

(iii) the last date on which a Holder may exercise the repurchase right pursuant to this Article XV;

(iv) the Fundamental Change Repurchase Price;

(v) the Fundamental Change Repurchase Date;

(vi) the name and address of the Paying Agent;

(vii) if applicable, the Conversion Rate and any adjustments to the Conversion Rate;

(viii) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of this Indenture; and

(ix) the procedures that Holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.02.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company and delivered to the Trustee no later than 2 Business Days (or such shorter period as is acceptable to the Trustee) prior to the date the Fundamental Change Company Notice is to be sent.

(d) Notwithstanding the foregoing, no Notes may be repurchased by the Company on any date at the option of the Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes). The Paying Agent will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

(e) If a Fundamental Change described in clause (d) of the definition thereof has occurred and the Class A Ordinary Shares have been accepted for listing on a Permitted Exchange, then, on and after the later to occur of (x) the date of such acceptance for listing on a Permitted Exchange or (y) the effective date of such Fundamental Change (the "**New Listing Reference Date"),** Section 14.07 shall be deemed to apply mutatis mutandis as if the Reference Property for the Notes were the Class A Ordinary Shares; provided that the supplemental indenture required in Section 14.07 to reflect the replacement of the ADSs with the Class A Ordinary Shares and other protections described therein shall be executed no later than five Business Days after the New Listing Reference Date. The Company shall notify Holders and the Conversion Agent (if other than the Trustee) in writing as promptly as reasonably practicable following the date the Company executes such supplemental indenture and shall concurrently with such notice either post such supplemental indenture on the Company's website or disclose the same in a current report on Form 6-K (or any successor form) that is filed with the Commission. For the avoidance of doubt, such amendments described under this Section 15.02(e) shall not affect the right of Holders to require the Company to repurchase their Notes upon a Fundamental Change in accordance with the rest of this Section 15.02.

Section 15.03 Withdrawal of Repurchase Notice or Fundamental Change Repurchase Notice. A Repurchase Notice or Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) by means of a duly completed written notice of withdrawal delivered to the Paying Agent in accordance with this Section 15.03 at any time prior to the close of business on

the second Business Day immediately preceding the Repurchase Date or prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date, as the case may be, specifying:

(a) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which principal amount must be US$200,000 or an integral multiple of US$200,000 in excess thereof,

(b) if Physical Notes have been issued, the certificate number of the Note in respect of which such notice of withdrawal is being submitted, and

(c) the principal amount, if any, of such Note that remains subject to the original Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, which portion must be in minimum denominations of principal amounts of US$200,000 or an integral multiple of US$200,000 in excess thereof;

provided, *however*, that if the Notes are Global Notes, the notice must comply with appropriate procedures of the Depositary.

Section 15.04 Deposit of Repurchase Price or Fundamental Change Repurchase Price. (a) The Company will deposit with the Paying Agent, or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04(b) on or prior to 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, an amount of money sufficient to repurchase all of the Notes to be repurchased at the appropriate Repurchase Price or Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Paying Agent, payment for Notes surrendered for repurchase (and not withdrawn in accordance with Section 15.03) will be made on the later of (i) the Repurchase Date or Fundamental Change Repurchase Date, as the case may be (*provided* the Holder has satisfied the conditions in Section 15.01 or Section 15.02, as the case may be) and (ii) the time of book-entry transfer or the delivery of such Note to the Paying Agent by the Holder thereof in the manner required by Section 15.01 or Section 15.02, as applicable, by mailing checks for the amount payable to the Holders of such Notes entitled thereto as they shall appear in the Note Register; *provided*, *however*, that payments to the Depositary shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Paying Agent shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be.

(b) If by 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, the Paying Agent holds money sufficient to make payment on all the Notes or portions thereof that are to be repurchased on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, then, with respect to the Notes that have been properly surrendered for repurchase to the Paying Agent and not validly withdrawn, on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, (i) such Notes will cease to be outstanding, (ii) interest will cease to accrue on such Notes (whether or not book-entry transfer of the Notes has been made or the Notes have been delivered to the Paying Agent) and (iii) all other rights of the Holders of such Notes will terminate (other than the right to receive the Repurchase Price or Fundamental Change Repurchase Price, as the case may be).

(c) Upon surrender of a certificated Note that is to be repurchased in part pursuant to Section 15.01 or Section 15.02, the Company shall execute and instruct the Trustee who shall authenticate and deliver to the Holder a new certificated Note in an authorized denomination equal in principal amount to the unrepurchased portion of the certificated Note surrendered.

Section 15.05 Covenant to Comply with Applicable Laws Upon Repurchase of Notes. In connection with any repurchase offer, the Company will, if required:

(a) comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act;

(b) file a Schedule TO or other required schedule under the Exchange Act; and

(c) otherwise comply with all federal and state securities laws in connection with any offer by the Company to repurchase the Notes;

in each case, so as to permit the rights and obligations under this Article XV to be exercised in the time and in the manner specified in this Article XV.

The Company shall not be required to purchase, or to make an offer to purchase, the Notes upon a Fundamental Change if a third party makes such an offer in the same manner, at the same time, for the same or greater price and otherwise in compliance with the requirements for an offer made by us as set forth above in this Section 15.05 and such third party purchases all Notes properly surrendered and not validly withdrawn under its offer in the same manner, at the same time, for the same or greater price and otherwise in compliance with the requirements for an offer made by us as set forth above in this Section 15.05.

Notwithstanding anything to the contrary in this Indenture, to the extent that the provisions of any federal or state securities laws or other applicable laws or regulations adopted after the date on which the Notes are first issued conflict with the provisions of this Indenture relating to the Company's obligations to repurchase the Notes upon a Fundamental Change, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under such provisions of this Indenture by virtue of such conflict.

ARTICLE XVI.
OPTIONAL REDEMPTION

Section 16.01 Optional Redemption for Changes in the Tax Law of the Relevant Taxing Jurisdiction. Other than as described in this Article XVI, the Notes may not be redeemed by the Company at its option prior to maturity. If the Company or any successor to the Company has, or on the next Interest Payment Date would, become obligated to pay to the Holder of any Note Additional Amounts, as a result of:

(a) any change or amendment on or after February 20, 2025 that is not publicly announced before such date (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction on a date that is after February 20, 2025, any change or amendment after such later date) in the laws or any rules or regulations of a Relevant Taxing Jurisdiction; or

(b) any change on or after February 20, 2025 that is not publicly announced before such date (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction on a date that is after February 20, 2025, any change or amendment after such later date) in an interpretation, administration or application of such laws, rules or regulations by any legislative body, court, governmental agency, taxing authority or regulatory or administrative authority of such Relevant Taxing Jurisdiction (including the enactment of any legislation and the announcement or publication of any judicial decision or regulatory or administrative interpretation or determination) (each of (a) or (b), a "**Change in Tax Law**"):

the Company (or a successor to the Company) may, at its option, redeem all but not part of the Notes (such redemption, the "**Tax Redemption**") (except in respect of certain Holders that elect otherwise as described below) at a redemption price (the "**Tax Redemption Price**") equal to 100% of the principal amount plus accrued and unpaid interest, if any, to, but not including, the date fixed by the Company for such Tax Redemption (the "**Tax Redemption Date**"), including, any Additional Amounts with respect to such Tax Redemption Price; provided that the Company (or a successor to the Company) may only redeem the Notes if: (i) the Company (or a successor to the Company) cannot avoid such obligations by taking commercially reasonable measures available to the Company (provided that changing the jurisdiction of incorporation of the Company shall be deemed not to be a commercially reasonable measure); and (ii) the Company (or a successor to the Company) delivers to the Trustee an opinion of outside legal counsel or a tax advisor of recognized standing in the Relevant Taxing Jurisdiction and an Officer's Certificate attesting to such Change in Tax Law and obligation to pay Additional Amounts.

Notwithstanding anything to the contrary herein, neither the Company nor any successor Person may redeem any of the Notes pursuant to this Section 16.01 in the case that Additional Amounts are payable in respect of PRC withholding tax at the Applicable PRC Rate or less solely as a result of the Company or its successor Person being considered a PRC tax resident under the PRC Enterprise Income Tax Law.

If the Tax Redemption Date occurs after a Regular Record Date and on or prior to the corresponding Interest Payment Date, the Company shall pay on the Interest Payment Date the full amount of accrued and unpaid interest, if any, due on such Interest Payment Date to the record Holder of the Notes on the Regular Record Date corresponding to such Interest Payment Date, and the Tax Redemption Price payable to the Holder who presents a Note for redemption shall be equal to 100% of the principal amount of such Note, including, for the avoidance of doubt, any Additional Amounts with respect to such Redemption Price.

The Company shall give Holders of Notes (with a copy to the Trustee) not less than 45 Scheduled Trading Days' but no more than 60 Scheduled Trading Days' notice (a "**Tax Redemption Notice**") prior to the Tax Redemption Date. Simultaneously with providing such notice, the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time. The Tax Redemption Date must be a Business Day and cannot fall after the Maturity Date.

Upon receiving such Tax Redemption Notice, each Holder shall have the right to elect to not have its Notes redeemed, in which case the Company shall not be obligated to pay any Additional Amounts on any payment with respect to such Notes solely as a result of such Change in Tax Law that resulted in the obligation to pay such Additional Amounts (whether upon conversion, required repurchase, maturity or otherwise, and whether in cash, ADSs, or a combination thereof, Reference Property or otherwise) after the Tax Redemption Date (or, if the Company fails to pay the Redemption Price on the Tax Redemption Date, such later date on which the Company pays the Redemption Price), and all future payments with respect to such Notes shall be subject to the deduction or withholding of such Relevant Taxing Jurisdiction and taxes required by law to be deducted or withheld as a result of such Change in Tax Law; *provided* that, notwithstanding the foregoing, if a Holder electing not to have its Called Notes redeemed converts its Called Notes in connection with the Company's election to redeem the Notes in respect of such Change in Tax Law pursuant to Section 14.03(g), the Company shall be obligated to pay Additional Amounts, if any, with respect to such conversion.

Subject to the applicable procedures of DTC in the case of Global Notes, a Holder electing to not have its Notes redeemed must deliver to the Company, with a copy to the Paying Agent a written notice of election so as to be received by the Company and the Paying Agent or otherwise by complying with the requirements for conversion in Section 14.02(b) prior to the close of business on the second Business Day immediately preceding the Tax Redemption Date. A Holder may withdraw any notice of election (other than such a deemed notice of election in connection with a conversion) by delivering to the Company and the Paying Agent a written notice of withdrawal prior to the close of business on the second Business Day immediately preceding the Tax Redemption Date (or, if the Company fail to pay the Redemption Price on the Tax Redemption Date, such later date on which the Company pays the Redemption Price). If no election is made, the Holder shall have its Notes redeemed without any further action.

Section 16.02 Optional Redemption by the Company. The Company may not redeem the Notes prior to March 20, 2028, except under the circumstances described in Section 16.01.

(a) On or after March 20, 2028, the Company may redeem for cash all or part of the Notes, at its option, if the Last Reported Sale Price of the ADSs has been at least 130% of the Conversion Price then in effect on (i) each of at least 20 Trading Days (whether or not consecutive) during the period of 30 consecutive Trading Days ending on, and including, the Trading Day immediately prior to the date the Company provides the Optional Redemption Notice and (ii) the Trading Day immediately preceding the date the Company provides the Optional Redemption Notice (such redemption, an "**Optional Redemption**").

(b) In case the Company exercises its option to redeem all or, as the case may be, any part of the Note, it shall fix a date for redemption (the "**Optional Redemption Date**") and shall give the Trustee, Conversion Agent, Paying Agent and each Holder of the Notes not less than 45 Scheduled Trading Days' but no more than 60 Scheduled Trading Days' notice (an "**Optional Redemption Notice**") prior to the Optional Redemption Date, and the redemption price (the "**Optional Redemption Price**") will be equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the Optional Redemption Date (unless the Optional Redemption Date falls after a Regular Record Date but on or prior to the immediately succeeding Interest Payment Date, in which case the Company shall pay on the

Interest Payment Date the full amount of accrued and unpaid interest, if any, to the Holder of record as of the close of business on such Regular Record Date, and the Optional Redemption Price shall be equal to 100% of the principal amount of the Notes to be redeemed). The Optional Redemption Date must be a Business Day. Each Optional Redemption Notice shall specify:

(i) the Optional Redemption Date;

(ii) the Optional Redemption Price;

(iii) the Settlement Method that will apply to all conversions with a Conversion Date that occurs on or after the date the Company sends such Optional Redemption Notice and before the close of business on the second Business Day immediately before the related Optional Redemption Date;

(iv) that on the Optional Redemption Date, the Optional Redemption Price will become due and payable for each Note to be redeemed, and that interest thereon, if any, shall cease to accrue on and after the Optional Redemption Date unless the Company defaults in the payment of the Optional Redemption Price;

(v) the place or places where the Notes subject to such redemption are to be surrendered for payment of the Optional Redemption Price;

(vi) that Holders of Called Notes may surrender their Called Notes for conversion at any time prior to the close of business on the second Business Day prior to the relevant Optional Redemption Date (unless the Company fails to pay the Optional Redemption Price, in which case a Holder of Notes may convert such Notes until the Optional Redemption Price has been paid or duly provided for);

(vii) the Conversion Rate and, if applicable, the number of Additional ADSs added to the Conversion Rate in accordance with Section 14.03(g);

(viii) the CUSIP, ISIN or other similar numbers, if any, assigned to such Notes and that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number listed in such notice or printed on the Notes; and

(ix) in case any Note is to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and that upon surrender of such Note, a new Note in principal amount equal to the unredeemed portion thereof shall be issued.

An Optional Redemption Notice shall be irrevocable. At the Company's prior written request, the Trustee shall give the Optional Redemption Notice in the Company's name and at its expense; *provided*, *however*, that the Company shall have delivered to the Trustee not later than the close of business five Business Days prior to the date the Optional Redemption Notice is to be sent (unless a shorter period shall be satisfactory to the Trustee), an Officer's Certificate and a Company Order requesting that the Trustee give such Optional Redemption Notice together with the Optional Redemption Notice to be given setting forth the information to be stated therein as provided in the preceding paragraph. The Optional Redemption Notice, if given in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the

Holder receives such notice. In any case, failure to give such Optional Redemption Notice or any defect in the Optional Redemption Notice to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the Optional Redemption of any other Note.

If the Company decides to redeem fewer than all of the outstanding Notes, the aggregate principal amount of the Notes called for Optional Redemption must be US$200,000 or an integral multiple of US$200,000 in excess thereof, and, in the case of Physical Notes, the Trustee will select the Notes to be redeemed (in principal amounts of US$200,000 or integral multiples of US$200,000 in excess thereof) by lot, on a pro rata basis or by another method the Trustee considers to be fair and appropriate and, in the case of a Global Note, the Notes to be redeemed shall be selected in accordance with, and subject to, DTC's applicable procedures.

If a portion of the Notes is selected (or deemed selected) for partial Optional Redemption and such Holder converts a portion of such Notes, the converted portion shall be deemed to be from the portion selected (or deemed selected) for Optional Redemption. In the event of any Optional Redemption in part, the Company shall not be required to register the transfer of or exchange any Note so selected for Optional Redemption, in whole or in part, except the unredeemed portion of any such Note being redeemed in part.

Section 16.03 Election to be Redeemed. If the Company has designated a Tax Redemption Date or an Optional Redemption Date, a Holder that complies with the requirements for conversion under Section 14.02(b) will be deemed to have delivered a notice of its election to not have its Notes so redeemed.

Section 16.04 No Redemption upon Acceleration. No Notes may be redeemed if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to the relevant Redemption Date (except in the case of an acceleration resulting from a Default by the Company in the payment of the Redemption Price with respect to such Notes).

ARTICLE XVII.
MISCELLANEOUS PROVISIONS

Section 17.01 Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements of the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 17.02 Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company.

Section 17.03 Addresses for Notices, Etc. Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office

letter box addressed (until another address is filed by the Company with the Trustee) to [iQIYI, Inc., 4/F, iQIYI Youth Center Yoolee Plaza, No. 21, North Road of Workers' Stadium, Chaoyang District, Beijing, 100027, People's Republic of China, Attention: Secretary][1]. Any notice, direction, request or demand hereunder to or upon the Paying Agent shall be deemed to have been given or made by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the Paying Agent Office or sent electronically in PDF format. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been given or made by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the Corporate Trust Office or sent electronically in PDF format. Notwithstanding any other provision of the Indenture, notices to the Trustee shall only be deemed received upon actual receipt thereof by a Responsible Officer.

So long as and to the extent that the Notes are represented by Global Notes and such Global Notes are held by DTC, notices to owners of beneficial interests in the global notes may be given by delivery of the relevant notice to DTC for communication by it to entitled account holders.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication delivered to a Holder shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note Register or delivered by electronic mail and shall be sufficiently given to it if so delivered within the time prescribed.

Failure to mail or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed or delivered in the manner provided above, it is duly given, whether or not the addressee receives it.

For the avoidance of doubt, all notices, demands or other communications required or permitted to be given under this Indenture shall be in English.

Section 17.04 Governing Law; Jurisdiction. THIS INDENTURE AND EACH NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH NOTE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF).

The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Notes may be brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally

[1] Company to confirm.

and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Each of the parties hereto irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, immunity to post-award attachment or otherwise) in any proceedings against it arising out of or based on this Indenture or the transactions contemplated hereby.

Section 17.05 Submission to Jurisdiction; Service of Process. The Company irrevocably appoints [Cogency Global Inc., 122 East 42nd Street, 18th Floor, New York, NY 10168,][2] as its authorized agent in the Borough of Manhattan in the City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to [iQIYI, Inc., 4/F, iQIYI Youth Center Yoolee Plaza, No. 21, North Road of Workers' Stadium, Chaoyang District, Beijing, 100027, People's Republic of China, Attention: Secretary][3], shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of five and a half years from the date of this Indenture. If for any reason such agent shall cease to be such agent for service of process, the Company shall forthwith appoint a new agent of recognized standing for service of process in the State of New York and deliver to the Holders and the Trustee a copy of the new agent's acceptance of that appointment within ten Business Days of such acceptance. Nothing herein shall affect the right of the Trustee, any Agent or any Holder to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company in any other court of competent jurisdiction. To the extent that the Company has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company irrevocably waives such immunity in respect of its obligations hereunder or under any Note.

Section 17.06 Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall, if requested by the Trustee, furnish to the Trustee an Officer's Certificate and an Opinion of Counsel stating that such action is permitted by the terms of this Indenture.

[2] Company to confirm.

[3] Company to confirm.

Each Officer's Certificate and Opinion of Counsel provided for, by or on behalf of the Company in this Indenture and delivered to the Trustee with respect to compliance with this Indenture (other than the Officer's Certificates provided for in Section 4.09) shall include (a) a statement that the person signing such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture and that all covenants and conditions precedent in the Indenture have been complied with.

Notwithstanding anything to the contrary in this Section 17.06, if any provision in this Indenture specifically provides that the Trustee shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee or the Company hereunder, the Trustee shall be entitled to such Opinion of Counsel.

Section 17.07 Legal Holidays. In any case where any Interest Payment Date, Fundamental Change Repurchase Date, Redemption Date, Repurchase Date, Conversion Date or Maturity Date is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay.

Section 17.08 No Security Interest Created. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.09 Benefits of Indenture. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Conversion Agent, any Note Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.10 Table of Contents, Headings, Etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.11 Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 17.12 Severability. In the event any provision of this Indenture or in the Notes shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 17.13 Waiver of Jury Trial. EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.14 Force Majeure. The Trustee and the Agents shall not be responsible for any loss or damage, or failure to comply or delay in complying with any duty or obligation, under or pursuant to this Indenture arising as a direct or indirect result of any Force Majeure Event; it being understood that the Trustee or the Agents, as the case may be, shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 17.15 Calculations. Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Notes. These calculations include, but are not limited to, determinations of the ADS Price, the Redemption Reference Price, the Last Reported Sale Prices of the ADSs, the Daily VWAPs, the Daily Conversion Values, the Daily Settlement Amounts, accrued interest payable on the Notes, any Additional Interest payable on the Notes, the number of Additional ADSs to be added to the Conversion Rate with respect to Notes converted in connection with a Make-Whole Fundamental Change and with respect to Called Notes converted in connection with a Tax Redemption or an Optional Redemption, and the Conversion Rate of the Notes. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders. The Company shall provide a schedule of its calculations to each of the Trustee, the Paying Agent and the Conversion Agent, and each of the Trustee, the Paying Agent and the Conversion Agent shall have no duty to monitor or verify the accuracy of the Company's calculations, and shall be entitled to rely conclusively and without liability upon the accuracy of the Company's calculations without independent verification. The Trustee will forward the Company's calculations to any registered Holder of Notes upon the written request of that Holder at the sole cost and expense of the Company.

Section 17.16 USA PATRIOT Act. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

Section 17.17 HKMA Stay Rules. If this Indenture is or becomes a "covered contract" (within the meaning of the Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights – Banking Sector) Rules (Cap. 628C) of Hong Kong (the "Stay Rules")), each party hereto agrees that, despite any other term or conditions of this Indenture or any other agreement, arrangement or understanding, each party hereto will be bound by a suspension of a "termination right" (within the meaning of the Stay Rules) in relation to this Indenture imposed by the Hong Kong Monetary Authority under section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

IQIYI, INC.

By: /s/ Jun Wang
Name: Jun Wang
Title: Chief Financial Officer

Citibank, N.A., as Trustee

By: /s/ Eva Waite
Name: Eva Waite
Title: Senior Trust Officer

[*Signature Page to Indenture*]

EXHIBIT A

[FORM OF FACE OF NOTE]

[INCLUDE FOLLOWING LEGEND IF A GLOBAL NOTE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**DISTRIBUTION COMPLIANCE PERIOD END DATE**") THAT IS 40 DAYS AFTER THE DATE OF ORIGINAL ISSUANCE HEREOF, ONLY (A) TO IQIYI, INC. (THE "**COMPANY**") OR ONE OF ITS SUBSIDIARIES OR (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS SECURITY OR A BENEFICIAL INTEREST HEREIN.

IQIYI, INC.

4.625% Convertible Senior Note due 2030

No. [_____] [Initially][4] US$_____

CUSIP No. [_____]

ISIN No. [_____]

iQIYI, Inc., a company duly organized and validly existing under the laws of the Cayman Islands (the "**Company**," which term includes any successor company or corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.][5] [_____][6], or registered assigns, the principal sum [as set forth in the "Schedule of Exchanges of Notes" attached hereto][7] [of US$[_____]][8], which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed US$350,000,000 in aggregate at any time, in accordance with the rules and procedures of the Depositary, on March 15, 2030, and interest thereon as set forth below.

This Note shall bear interest at the rate of 4.625% per year from February 24, 2025, or from the most recent date to which interest had been paid or provided for to, but excluding, the next scheduled Interest Payment Date until March 15, 2030. Interest is payable quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on June 15, 2025, to Holders of record at the close of business on the preceding March 1, June 1, September 1 and December 1 (whether or not such day is a Business Day), respectively; provided, however that if such Interest Payment Date is not a Business Day, then such payment need not be made on such Interest Payment Date but shall be made on the immediately succeeding Business Day, with the same force and effect as though made on the related Interest Payment Date, and no additional interest shall accrue in respect of such delay. Additional Interest will be payable as set forth in Section 4.06(e) of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to Section 4.06(e), and any express mention of the payment of Additional Interest in any provision therein shall not be construed as excluding Additional Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted

[4] Include if a Global Note.

[5] Include if a Global Note.

[6] Include if a Physical Note.

[7] Include if a Global Note.

[8] Include if a Physical note.

Amounts shall have been paid by the Company, at its election, in accordance with Section 2.03(c) of the Indenture.

The Company shall pay the principal of and interest on this Note, so long as such Note is a Global Note, by wire transfer in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated Citibank, N.A. as its Paying Agent, Conversion Agent and Note Registrar in respect of the Notes and the Paying Agent Office as a place where Notes may be presented for payment or for registration of transfer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into cash, ADSs or a combination of cash and ADSs, as applicable, on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflicts of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

IQIYI, INC.

By: _____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

CITIBANK, N.A.,
as Trustee, certifies that this is one of the Notes described
in the within-named Indenture.

By: _____
Authorized signatory

[FORM OF REVERSE OF NOTE]

IQIYI, INC.
4.625% Convertible Senior Note due 2030

This Note is one of a duly authorized issue of Notes of the Company, designated as its 4.625% Convertible Senior Notes due 2030 (the "**Notes**"), limited to the aggregate principal amount of US$350,000,000, all issued or to be issued under and pursuant to an Indenture dated as of February 24, 2025 (the "**Indenture**"), between the Company and Citibank, N.A. (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used in this Note and not defined in this Note shall have the respective meanings set forth in the Indenture.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture. In case certain Events of Default relating to a bankruptcy (or similar proceeding) with respect to the Company or a Significant Subsidiary of the Company shall have occurred, the principal of, and interest on, all Notes shall automatically become immediately due and payable, as set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the principal amount on the Maturity Date, the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, as the case may be, to the Holder who surrenders a Note to the Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Subject to the terms and conditions of the Indenture, Additional Amounts will be paid in connection with any payments and/or deliveries made or caused to be made by the Company or any successor to the Company under or with respect to the Indenture and the Notes, including, but not limited to, payments of principal (including, if applicable the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price), payments of interest and the payment of cash and/or deliveries of ADSs (together with payments for any fractional ADS) upon conversion of the Notes to ensure that the net amount received by the Holders of the Notes after any applicable withholding or deduction (and after deducting any taxes on the Additional Amounts) will equal the amount that would have been received by such Holders had no such withholding or deduction been required.

The Indenture contains provisions permitting the Company and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain circumstances, with the consent of the Holders of, as applicable pursuant to the Indenture, more than 50% or more than 75% of the aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to

certain exceptions, the Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay or cause to be delivered, as the case may be, the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, accrued and unpaid interest on, and the consideration due upon conversion of, this Note at the place, at the respective times, at the rate and in the lawful money or ADSs, as the case may be, herein prescribed, except to the extent any of the foregoing has been amended in the Indenture pursuant to Section 10.02 of the Indenture.

The Notes are issuable in registered form without coupons in minimum denominations of US$200,000 principal amount and integral multiples of US$200,000 in excess thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Company may not redeem the Notes prior to March 20, 2028, except in the event of certain Changes in Tax Law as described in Section 16.01 of the Indenture. The Notes shall be redeemable at the Company's option on or after March 20, 2028 in accordance with the terms and subject to the conditions specified in Article XVI of the Indenture. No sinking fund is provided for the Notes.

The Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of US$200,000 or integral multiple of US$200,000 in excess thereof) on the Repurchase Date at a price equal to the Repurchase Price.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of US$200,000 or integral multiple of US$200,000 in excess thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the second Scheduled Trading Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that have an aggregate principal amount of US$200,000 or an integral multiple of US$200,000 in excess thereof, into cash, ADSs or a combination of cash and ADSs, as applicable, at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A[9]

SCHEDULE OF EXCHANGES OF NOTES

IQIYI, INC.
4.625% Convertible Senior Notes due 2030

The initial principal amount of this Global Note is [_____] UNITED STATES DOLLARS (US$[_____]). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee

[9] Include if a global note.

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: IQIYI, INC.

JPMORGAN CHASE BANK, N.A., as Depositary for the ADSs

CITIBANK, N.A., as Conversion Agent

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is US$200,000 principal amount or an integral multiple of US$200,000 thereof) below designated, into cash, ADSs or a combination of cash and ADSs, as applicable, in accordance with the terms of the Indenture referred to in this Note, and directs that any cash payable and ADSs deliverable upon such conversion, together with any cash payable for any fractional ADS, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any ADSs or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In connection with the conversion of this Note, or the portion hereof below designated, the undersigned acknowledges, represents to and agrees with the Company that the undersigned is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company and has not been an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company during the three months immediately preceding the date hereof

[The undersigned further certifies:

1. The undersigned acknowledges (and if the undersigned is acting for the account of another person, that person has confirmed that it acknowledges) that the Restricted Securities received upon conversion of this Note (or securities represented thereby) have not been and are not expected to be registered under the Securities Act.

2. The undersigned acknowledges that the undersigned (and any such other account) may not continue to hold or retain any interest in Restricted Securities received upon conversion of this Note if the undersigned (or such other account) becomes an Affiliate of the Company.

3. The undersigned agrees (and if the undersigned is acting for the account of another person, that person has confirmed that it agrees) that, unless and until the undersigned (or such other account) is notified by the ADS Depositary that the restrictive legend on such Restricted Security has been removed from such security, the undersigned (and such other account) will not offer, sell, pledge or otherwise transfer the Restricted Security (or securities represented by such Restricted Security) except in accordance with the restrictions set forth in that legend and any applicable securities laws of the United States and any state thereof.][10]

[10] Include if a Restricted Security.

Dated: _____ _____

_____

Signature(s)

_____

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if ADSs are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of ADSs if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____

(Name)

_____

(Street Address)

_____

(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all):
US$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

_____

Social Security or Other Taxpayer Identification Number

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: IQIYI, INC.

Citibank, N.A., as Paying Agent

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from iQIYI, Inc. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is US$200,000 principal amount or an integral multiple of US$200,000 in excess thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Certificate Number(s): _____

Dated: _____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed
by an eligible Guarantor Institution
(banks, stock brokers, savings and
loan associations and credit unions)
with membership in an approved
signature guarantee medallion program
pursuant to Securities and Exchange
Commission Rule 17Ad-15 if ADSs
are to be issued, or Notes are to be
delivered, other than to and in the
name of the registered holder.

Fill in for registration of ADSs if
to be issued, and Notes if to

be delivered, other than to and in the
name of the registered holder:

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

Please print name and address

_____

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all):
US$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 3

[FORM OF REPURCHASE NOTICE]

To: iQIYI, Inc.

Citibank, N.A., as Paying Agent

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from iQIYI, Inc. (the "**Company**") regarding the right of Holders to elect to require the Company to repurchase the entire principal amount of this Note, or the portion thereof (that is US$200,000 principal amount or an integral multiple of US$200,000 in excess thereof) below designated, in accordance with the applicable provisions of the Indenture referred to in this Note, at the Repurchase Price to the registered Holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of certificated Notes, the certificate numbers of the Notes to be purchased are as set forth below:

Certificate Number(s): _____

Dated: _____

_____
Signature(s)

_____

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all): US$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 4

To: Citibank, N.A., as Trustee and Note Registrar

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

□ To iQIYI, Inc. or a subsidiary thereof; or

□ Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or

□ Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended ("**Rule 144A**"), and the undersigned confirms that the undersigned reasonably believes that the transferee of such Note is a "qualified institutional buyer" (within the meaning of Rule 144A) that is purchasing for its own account or for the account of another qualified institutional buyer and the undersigned has provided such transferee notice that the transfer is being made in reliance on Rule 144A; or

□ Outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act of 1933, as amended; or

□ Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended (if available).

Dated: _____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Exhibit 8.1

List of Significant Subsidiaries and Significant Variable Interest Entities of iQIYI, Inc.

Significant Subsidiaries	**Place of Incorporation**
Beijing QIYI Century Science & Technology Co., Ltd.	Mainland China
Beijing iQIYI Interactive Technology Co., Ltd.	Mainland China
iQIYI Film Group HK Limited	Hong Kong
iQIYI HK Limited	Hong Kong
iQIYI International Singapore Pte, Ltd.	Singapore
iQIYI Media Limited	Cayman Islands

Significant Variable Interest Entities and their Subsidiaries	**Place of Incorporation**
Beijing iQIYI Science & Technology Co., Ltd.	Mainland China
Shanghai iQIYI Culture Media Co., Ltd.	Mainland China
Shanghai Zhong Yuan Network Co., Ltd.	Mainland China
Hainan iQIYI Culture Media Co., Ltd.	Mainland China

EXHIBIT 11.2

IQIYI, INC.

AMENDED AND RESTATED STATEMENT OF POLICIES GOVERNING MATERIAL NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

(As adopted by the Board of Directors of iQIYI, Inc. and effective on December 1, 2023)

This Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this "Statement") applies to all directors, officers, employees and consultants of iQIYI, Inc. and its subsidiaries and affiliated entities (collectively, the "Company").

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company's policies prohibiting insider trading; and Section III explains insider trading.

I. SUMMARY

Preventing insider trading is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, "inside information" is information which is considered to be both "material" and "non-public."

The Company considers strict compliance with the policies set forth in this Statement (collectively, the "Policy") to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney's fees of the persons harmed.

This Statement applies to all directors, officers, employees and consultants of the Company and extends to all of such persons' activities within and outside their duties at the Company. Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the Compliance Officer for the Company (the "**Compliance Officer**") within seven (7) days after receiving the request. Questions regarding this Statement should be directed to the Compliance Officer by e-mail at trading.compliance@qiyi.com..

II.
POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options or other share-based awards granted by the Company thereof and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold ordinary shares or American Depositary Shares ("ADSs") subject to an option or other award to satisfy tax withholding requirements.

A. ***No Trading*** – **No director, officer, employee or consultant of the Company may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a "Trading Plan") while in possession of material non-public information relating to the Company or its ADSs, ordinary shares or other securities** (the "Material Information").

In the event that the Material Information possessed by you relates to the ADSs or other securities of the Company, the above policy will require waiting for at least forty-eight (48) hours after public disclosure of the Material Information by the Company, which forty-eight (48) hours must include in all events at least one full Trading Day on the Nasdaq Stock Market ("Nasdaq") following such public disclosure. The term "Trading Day" is defined as a day on which Nasdaq is open for trading. Except for public holidays in the United States, Nasdaq's regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, **no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a "limited trading period" by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.**

Furthermore, **all transactions in the securities of the Company (including without limitation, acquisitions and dispositions of the ADSs, the sale of ordinary shares issued upon exercise of options or vesting of other share-based awards and the execution of a Trading Plan, but excluding the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.**

Please see Section III below for an explanation of the Material Information.

B. ***Trading Window*** – **Assuming none of the "no trading" restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window.**

A "Trading Window" is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

In other words,

(1) beginning on January 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and

(2) beginning on April 1, July 1 and October 1 of each year, respectively, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.

If the Company's public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before Nasdaq closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in any securities of the Company during the Trading Window is not a "safe harbor," and all directors, officers, employees and consultants of the Company should strictly comply with the Policy.

When in doubt, do not trade! Check with the Compliance Officer first.

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. ***No Tipping*** – No director, officer, employee or consultant of the Company may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called "tipping"), regardless of whether the person or entity who receives the information, the "tippee," is related to you and regardless of whether you receive any monetary benefit from the tippee.

D. ***Confidentiality*** – No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. ***No Comment*** – No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside of the Company, except as required for the performance of regular corporate duties. Unless you are

expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, research analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company's Chief Financial Officer, who is responsible for coordinating and overseeing the release of Company information to the investing public, analysts and others in compliance with applicable laws and regulations.

F. ***Corrective Action*** – If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

G. ***Rule 10b5-1 Trading Plans –*** Rule 10b5-1 provides an affirmative defense against insider trading liability under U.S. securities laws. A person subject to this Policy can rely on this defense and trade in the Company's securities, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written Trading Plan that was entered into when the person was not in possession of material non-public information and that complies with the requirements of Rule 10b5-1.

Anyone subject to this Policy who wishes to enter into a Trading Plan must submit the Trading Plan to the Compliance Officer for approval at least five business days prior to the planned entry into the Trading Plan. Trading Plans may not be adopted by a person when he or she is in possession of material non-public information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once a Trading Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date(s) of the trade(s). You may amend or replace a Trading Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Trading Plan to the Compliance Officer for approval prior to adoption. You must provide notice to the Compliance Officer prior to terminating a Trading Plan. You should understand that a modification or termination of a Trading Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

III.
EXPLANATION OF INSIDER TRADING

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material" "non-public" information relating to the security. "Securities" include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. "Purchase" and "sale" are defined broadly under the U.S. federal securities laws. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions

and exercises of warrants or puts, calls or other options related to a security. It is generally understood that insider trading includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the Policy.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the securities. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts, or changes to previously released earnings announcements or guidance;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- negotiations for material business alliance and collaboration arrangements;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;

- material litigation, administrative action or governmental investigations or inquiries about the Company, any of its affiliated companies, or any of officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- adoption of repurchase plans or amendment of existing repurchase plans;
- significant personnel changes;
- a cybersecurity incident or risk that may adversely impact the Company's business, reputation or share value;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

What is Non-public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before the information is deemed to be public.

Who is an Insider?

"Insiders" include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public information about business, activities and securities of the Company. The directors, officers, employees and consultants of the Company may not trade the Company's securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by household members of a director, officer, employee or consultant can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a "tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The United States Securities and Exchange Commission and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the U.S. federal securities laws include:

- administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of profits gained by the violator;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided by the violator;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of approximately US$2,500,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US$5,000,000 (US$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws: other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Material Non-public Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's customers, vendors and suppliers ("**Business Partners**"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on material non-public information regarding the Company's Business Partners. Each individual should treat material non-public information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Individual Responsibility

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any family members, such as spouses, minor children, adult family members who share the same household, and any other person or entity whose securities trading decisions are influenced or controlled by the person whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in the Company's securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material non-public information as if the transactions were for your own account.

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

FROM: _____

RE: AMENDED AND RESTATED STATEMENT OF POLICIES OF IQIYI, INC. GOVERNING MATERIAL NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the policies set forth in the above-referenced Amended and Restated Statement of Policies (such policies, as amended from time to time, the "Policy") and hereby undertake, as a condition to my present and continued employment at or association with iQIYI, Inc. or any of its subsidiaries or affiliated entities, to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with iQIYI, Inc. or any of its subsidiaries or affiliated entities.

I hereby undertake to adhere to the Policy in the future.

Signature: _____
Name: _____
ID Card Number: _____
Title: _____
Date: _____

Exhibit 12.1

Certification by the Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Yu Gong, certify that:

1. I have reviewed this annual report on Form 20-F of iQIYI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2025

By: /s/ Yu Gong
Name: Yu Gong
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jun Wang, certify that:

1. I have reviewed this annual report on Form 20-F of iQIYI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2025

By: /s/ Jun Wang
Name: Jun Wang
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of iQIYI, Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yu Gong, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2025

By: /s/ Yu Gong
Name: Yu Gong
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of iQIYI, Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jun Wang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2025

By: /s/ Jun Wang
Name: Jun Wang
Title: Chief Financial Officer

EXHIBIT 15.1

WPTL/BYTL/Q0149-H26206

March 27, 2025

iQIYI, Inc.
PO Box 309 Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Dear Sirs

iQIYI, Inc.

We consent to the reference to our firm under the heading "Item 6.E. Directors, Senior Management and Employees—Share Ownership—Enforceability of Civil Liabilities," "Item 10.B. Additional Information—Memorandum and Articles of Association" and "Item 10.E. Additional Information—Taxation—Cayman Islands Taxation" in iQIYI, Inc.'s Annual Report on Form 20-F for the year ended 31 December 2024 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of March 2025. We further consent to the incorporation by reference of the summary of our opinion under the heading "Item 6.E. Directors, Senior Management and Employees—Share Ownership—Enforceability of Civil Liabilities", "Item 10.B. Additional Information—Memorandum and Articles of Association" and "Item 10.E. Additional Information—Taxation—Cayman Islands Taxation" in the Annual Report, into iQIYI, Inc.'s (a) Registration Statement on Form S-8 (No.333-225165) pertaining to iQIYI, Inc.'s 2010 Equity Incentive Plan and 2017 Share Incentive Plan, (b) Registration Statement on Form S-8 (No.333-263891) pertaining to iQIYI, Inc.'s 2010 Equity Incentive Plan and 2021 Share Incentive Plan, and (c) Registration Statement on Form S-8 (No. 333-280254) pertaining to iQIYI, Inc.'s 2024 Share Incentive Plan.

We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Walkers (Hong Kong)
Walkers (Hong Kong)

EXHIBIT 15.2

競天公誠律師事務所
JINGTIAN & GONGCHENG

34/F, Tower 3, China Central Place, 77 Jianguo Road, Beijing 100025, China
Telephone: (86-10) 5809-1000 Facsimile: (86-10) 5809-1100

To: iQIYI, Inc.
PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

March 27, 2025

Dear Sir/Madam:

We hereby consent to the reference of our name under the heading "Item 3. Key Information," "Item 4.C. Information on the Company—Organizational Structure," "Item 6.E. Directors, Senior Management and Employees—Share Ownership—Enforceability of Civil Liabilities" and "Item 10.E. Additional Information—Taxation" in iQIYI, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2024 (the "Annual Report"), which will be filed with the Securities and Exchange Commission (the "SEC") in the month of March 2025, and further consent to the incorporation by reference into the Registration Statement (Form S-8 No. 333-225165) pertaining to iQIYI, Inc.'s 2010 Equity Incentive Plan and 2017 Share Incentive Plan, and the Registration Statement (Form S-8 No. 333-263891) pertaining to iQIYI, Inc.'s 2010 Equity Incentive Plan and 2021 Share Incentive Plan, as well as the Registration Statement (Form S-8 No. 333-280254) pertaining to iQIYI, Inc.'s 2024 Share Incentive Plan of the summary of our opinion under the heading "Item 3. Key Information," "Item 4.C. Information on the Company—Organizational Structure," "Item 6.E. Directors, Senior Management and Employees—Share Ownership—Enforceability of Civil Liabilities" and "Item 10.E. Additional Information—Taxation" in the Annual Report. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Jingtian & Gongcheng

Jingtian & Gongcheng

Exhibit 15.3

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-225165) pertaining to the 2010 Equity Incentive Plan and 2017 Share Incentive Plan of iQIYI, Inc.,

(2) Registration Statement (Form S-8 No. 333-263891) pertaining to the 2010 Equity Incentive Plan and 2021 Share Incentive Plan of iQIYI, Inc.; and

(3) Registration Statement (Form S-8 No. 333-280254) pertaining to the 2024 Share Incentive Plan of iQIYI, Inc.;

of our reports dated March 27, 2025, with respect to the consolidated financial statements of iQIYI, Inc. and the effectiveness of internal control over financial reporting of iQIYI, Inc. included in this Annual Report (Form 20-F) of iQIYI, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young Hua Ming LLP

Beijing, The People's Republic of China

March 27, 2025