

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company immediately prior to and upon the completion of the Global Offering, assuming that the Global Offering becomes unconditional and the Offer Shares are issued pursuant to the Global Offering and without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make.

1. Share capital as at the Latest Practicable Date

(i) Authorized share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
99,000,000,000	Class A ordinary share	US\$1,980,000
1,000,000,000	Class B ordinary share	US\$20,000
Total		US\$2,000,000

(ii) Issued, fully paid or credited to be fully paid

Number	Description of Shares	Approximate aggregate nominal value of shares
2,526,000,652	Class A ordinary share	US\$50,520
450,881,081	Class B ordinary share	US\$9,018
Total		US\$59,538

(iii) Issued and outstanding*

Number	Description of Shares	Approximate aggregate nominal value of shares
2,506,489,928	Class A ordinary share	US\$50,130
450,881,081	Class B ordinary share	US\$9,018
Total		US\$59,148

Note:

* Excluding the 19,510,724 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plan.

2. Share capital immediately following the completion of the Global Offering

(i) Authorized share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
99,000,000,000	Class A ordinary share	US\$1,980,000
1,000,000,000	Class B ordinary share	US\$20,000
Total		US\$2,000,000

(ii) Issued fully paid or credited to be fully paid

Number	Description of Shares	Approximate aggregate nominal value of shares
2,659,000,652	Class A ordinary share	US\$53,180
450,881,081	Class B ordinary share	US\$9,018
Total		US\$62,198

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(iii) *Issued and outstanding**

Number	Description of Shares	Approximate aggregate nominal value of shares
2,639,489,928	Class A ordinary share	US\$52,790
450,881,081	Class B ordinary share	US\$9,018
Total		US\$61,808

Note:

* Excluding the 19,510,724 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 granted under our Share Incentive Plan.

WEIGHTED VOTING RIGHTS STRUCTURE

Under our weighted voting rights structure, our share capital comprises Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote, and each Class B ordinary share entitles the holder to exercise 20 votes, on any resolution tabled at the Company’s general meetings, except as may otherwise be provided for in our Memorandum and Articles of Association.

In addition, a quorum required for a meeting of shareholders consists of one or more shareholders present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative, and holding shares which represent, in aggregate, not less than one-third of the votes attaching to the issued and outstanding voting shares in our Company entitled to vote at general meetings. The Company will put forth a resolution at or before its next annual general meeting after the Listing which is expected to be held around mid-2021 to revise the Articles of Association, so that the quorum for general meeting is lowered from the current one-third of the aggregate voting power of the Company to 10% of the aggregate voting power of the Company. See “Waivers from Strict Compliance with the Hong Kong Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance” for further details.

For further details, see the summary of the Articles of Association in Appendix III.

The table below sets out the ownership and voting rights to be held by the WVR beneficiary upon the completion of the Global Offering:

	Number of Shares	Approximate percentage of issued share capital ⁽¹⁾	Approximate percentage of voting rights ⁽¹⁾⁽²⁾
Class A ordinary shares held by the WVR beneficiary	14,000,000	0.5%	0.1%
Class B ordinary shares held by the WVR beneficiary	421,507,423	13.6%	77.4% ⁽⁴⁾
Total	435,507,423⁽³⁾	14.1%⁽³⁾	77.5%⁽⁴⁾

Notes:

- (1) Without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make.
- (2) On the basis that Class A ordinary shares entitle the Shareholder to one vote per share and Class B ordinary shares entitle the Shareholder to 20 votes per share.
- (3) Represents (i) 421,507,423 Class B ordinary shares directly held by Max Smart Limited, (ii) 7,000,000 restricted ADSs, representing 14,000,000 Class A ordinary shares, owned by Max Smart Limited. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director. The ordinary shares beneficially owned by Mr. Liu do not include 29,373,658 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in footnote (7) of the section “Major Shareholders”.
- (4) The aggregate voting power includes the voting power with respect to the 29,373,658 Class B ordinary shares held by Fortune Rising Holdings Limited as of the Latest Practicable Date. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune

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Rising Holdings Limited and he may be deemed to beneficially own the voting power with respect to all of the ordinary shares held by Fortune Rising Holdings Limited in accordance with the rules and regulations of the SEC, notwithstanding the facts described in footnote (7) of the section “Major Shareholders”.

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Upon the conversion of all the issued and outstanding Class B ordinary shares into Class A ordinary shares, the Company will issue 450,881,081 Class A ordinary shares, representing approximately 17.1% of the total number of issued and outstanding Class A ordinary shares or 14.6% of the enlarged issued and outstanding shares of the Company (without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make).

All Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares when Mr. Richard Qiangdong Liu ceases to be a director and the chief executive officer of our company, or in some other specified situations as set out in our Articles of Association.

WVR Beneficiary

Immediately upon the completion of the Global Offering, the WVR beneficiary will be Mr. Richard Qiangdong Liu, our chairman and chief executive officer. Mr. Liu beneficially owns 14,000,000 Class A ordinary shares and 421,507,423 Class B ordinary shares. In addition, Fortune Rising Holdings Limited, of which Mr. Richard Qiangdong Liu is the sole shareholder and the sole director, holds 29,373,658 Class B ordinary shares as of the Latest Practicable Date, for the purpose of transferring such shares to the plan participants according to our awards under our Share Incentive Plan, and administers the awards and acts according to our instruction. Mr. Liu will control approximately 77.5% of the voting power of the Company immediately upon completion of the Global Offering. See the section “Major Shareholders” for more details regarding Mr. Liu’s beneficial ownership in the Company.

The Company’s WVR structure enables the WVR beneficiary to exercise voting control over the Company notwithstanding that the WVR beneficiary does not hold a majority economic interest in the share capital of the Company. This will enable the Company to benefit from the continuing vision and leadership of the WVR beneficiary who will control the Company with a view to its long-term prospects and strategy.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighed voting rights structures, in particular that interests of the WVR beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders’ resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, please refer to section headed “Risk Factors—Risks Related to Our Corporate Structure”.

Upon (i) any transfer of Class B ordinary shares or the voting power attached to Class B ordinary shares by a holder thereof to any person or entity that is not an Affiliate (as defined in the Articles of Association) of such holder, or (ii) the transfer of a majority of the issued and outstanding

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voting securities or the voting power attached to such voting securities or the sale of all or substantially all of the assets of a holder of Class B ordinary shares that is an entity to any person or entity that is not an Affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares. All Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares if: (1) Mr. Richard Qiangdong Liu ceases to be a director of the Company and the chief executive officer of the Company, (2) Mr. Richard Qiangdong Liu ceases to be the ultimate beneficial owner of any outstanding Class B ordinary shares or of any entity which holds Class B ordinary shares; and (3) Mr. Richard Qiangdong Liu being permanently unable to attend board meetings and manage the business affairs of the Company as a result of incapacity solely due to his then physical and/or mental condition.

Save for the weighted voting rights attached to Class B ordinary shares, the rights attached to all classes of Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A ordinary shares and Class B ordinary shares, please see the section headed “Summary of the Constitution of our Company and Cayman Companies Law—Articles of Association” in Appendix III for further details.

Assumptions

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares which may be issued or repurchased by us.

Ranking

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

Share Repurchases

On December 25, 2018, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$1.0 billion of our ADSs or ordinary shares over the next 12 months from December 26, 2018 through December 25, 2019. The share repurchase program was publicly announced on December 26, 2018.

As of December 31, 2019, we had repurchased a total of approximately 2.3 million ADSs under this share repurchase program. The table below is a summary of the shares repurchased by us in 2019. All shares were repurchased in the open market pursuant to the share repurchase program announced on December 26, 2018.

<u>Period</u>	<u>Total Number of ADSs Purchased</u>	<u>Average Price Paid Per ADS</u>	<u>Total Number of ADSs Purchased as Part of the Publicly Announced Plan</u>	<u>Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan</u>
January 1, 2019 to January 31, 2019	935,848	20.41	935,848	950,900,225
Total	935,848	20.41	935,848	—

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On March 17, 2020, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$2.0 billion of our ADSs or ordinary shares over the next 24 months through March 17, 2022. The share repurchase program was publicly announced on March 17, 2020.

As of April 15, 2020, we had repurchased a total of approximately 1.2 million ADSs under this share repurchase program. The table below is a summary of the shares repurchased by us from March 17, 2020 to April 15, 2020. All shares were repurchased using our own funds in the open market pursuant to the share repurchase program announced on March 17, 2020. We did not repurchase any ADSs or ordinary shares from April 15, 2020 to the date of this document.

<u>Period</u>	<u>Total Number of ADSs Purchased</u>	<u>Average Price Paid Per ADS</u>	<u>Total Number of ADSs Purchased as Part of the Publicly Announced Plan</u>	<u>Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan</u>
March 18, 2020 to March 31, 2020	1,191,370	37.04	1,191,370	1,955,868,397
Total	1,191,370	37.04	1,191,370	1,955,868,397

Registration Rights

Pursuant to the investor rights agreement entered into on June 20, 2016 with Newheight, a wholly-owned subsidiary of Walmart and an investor rights agreement entered into on June 18, 2018 with Google LLC, we have granted certain registration rights to Newheight and Google LLC, with respect to our registrable securities, which include our ordinary shares and ordinary shares issued as a dividend or other distribution therefor. Set forth below is a description of the registration rights. Newheight will be entitled to these registration rights only after the expiration of a period of sixty (60) months after June 20, 2016.

Demand registration rights

Subject to any applicable lock-up agreement they may enter into, Newheight and Google LLC have the right to demand that we file a registration statement to enable the sale of their registrable securities. We have the right to defer the filing of a registration statement up to 90 days if our board of directors determines in good faith that such registration and offering would be seriously detrimental to us and our shareholders, provided that we may not utilize this right more than once in any 12-month period and during such 90-day period, we shall not file a registration statement with respect to the public offering of our securities.

Piggyback registration rights

If we propose to file a registration statement for a public offering of our securities other than a registration (i) relating to any employee benefit plan, (ii) relating to corporate reorganization, (iii) on a form that does not include substantially the same information as would be required for registration of the registrable securities, or (iv) in which the only shares being registered are shares issuable upon conversion of debt securities that are also being registered, we must offer holders of our registrable securities an opportunity to include in the registration all or any part of their registrable securities. If the managing underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriters may decide to exclude shares from the registration and the underwriting and to allocate the number of securities first to us and second to each of holders requesting for the inclusion of their registrable securities on a pro rata basis based on the total number of registrable securities held by each such holder and third, to

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holders of other securities of our company, provided that in no event may any registrable securities be excluded from such offering unless all other securities are first excluded.

F-3 registration

Holders of our registrable securities have the right to request that we file a registration statement on Form F-3. We also have the right to postpone a registration pursuant to this request up to 90 days if our board of directors determines in good faith that it would be seriously detrimental to us for such registration statement to be filed, provided that we may not file a registration statement with respect to the public offering of our securities during such 90-day period. We may not utilize this right more than once in any 12-month period.

Expenses of registration

We will pay all expenses (other than underwriting discounts and commissions) in connection with the demand registration, Form F-3 registration and piggyback registration including, among others, all registration and filing fees, printers' and accounting fees, fees and disbursements of counsel for us, reasonable fees and disbursements of a single special counsel for the holders.

Termination of Obligations

We have no obligations to effect any demand, piggyback or Form F-3 registration rights of Google LLC with respect to any registrable securities proposed to be sold by Google LLC more than two (2) years after the expiration of a period of twelve (12) months after June 18, 2018, or, if, in the opinion of counsel to our company, all such registrable securities proposed to be sold by Google LLC may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the U.S. Securities Act.

We have no obligations to effect any demand, piggyback or Form F-3 registration rights of Newheight with respect to any registrable securities proposed to be sold by Newheight more than two (2) years after the expiration of a period of sixty (60) months after June 20, 2016, or, if, in the opinion of counsel to our company, all such registrable securities proposed to be sold by Newheight may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the U.S. Securities Act.