

A. WAIVERS AND EXEMPTIONS

The following waivers and exemptions have been applied for and granted by the Hong Kong Stock Exchange and/or the SFC:

Relevant rule(s) waived	Subject matter
Section 4.1 of the Introduction to the Takeovers Codes	Determination of whether a company is a “public company in Hong Kong”
Part XV of the SFO	Disclosure of interests
Paragraphs 41(4) and 45 of Appendix 1A and Practice Note 5 to the Hong Kong Listing Rules	Disclosure of interests information
Rule 19C.07(3) and Rule 19C.07(7) of the Hong Kong Listing Rules	Shareholder protection requirements in relation to approval, removal and remuneration of auditors; and requisition of extraordinary general meeting by shareholders
Rule 4.04(2) and Rule 4.04(4)(a) of the Hong Kong Listing Rules	Investments and acquisitions after the Track Record Period
Rule 4.04(3)(a), Rule 4.05 and Rule 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to Companies (WUMP) Ordinance	Disclosure requirements under the Accountant’s Report
Paragraphs 33(2), 33(3), 46(2), 46(3) of Appendix 1A of the Hong Kong Listing Rules and Paragraph 6 of the Third Schedule to Companies (WUMP) Ordinance	Prospectus disclosure requirements under the Hong Kong Listing Rules and Companies (WUMP) Ordinance in respect of directors’ and five highest individuals’ emoluments and directors’ residential addresses
Paragraphs 13, 26, 27 and 29(1) of Appendix 1A of the Hong Kong Listing Rules and Paragraphs 10, 11, 14, 25 and 29 of the Third Schedule to Companies (WUMP) Ordinance	Other prospectus disclosure requirements under the Hong Kong Listing Rules and Companies (WUMP) Ordinance
Rule 12.04(3), Rule 12.07 and Rule 12.11 of the Hong Kong Listing Rules	Availability of copies of the prospectus in printed form
Rule 2.07A of the Hong Kong Listing Rules	Corporate communications
Rule 13.25B of the Hong Kong Listing Rules	Monthly returns
Rule 13.48(1) of the Hong Kong Listing Rules	Publication of interim report for the six months ended September 30, 2019

Relevant rule(s) waived	Subject matter
Paragraph 4.2 of Practice Note 18 to the Hong Kong Listing Rules	Clawback mechanism
Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in the Shares prior to Listing
Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by existing shareholders

Not a Public Company in Hong Kong

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

We have applied for, and the SFC has granted, a ruling that we are not a “public company in Hong Kong” for the purposes of Section 4.2. Therefore, the Takeovers Codes does not apply to us. This ruling may be reconsidered by the SFC in the event that the bulk of trading in our Shares migrates to Hong Kong such that we would be treated as having a dual-primary listing pursuant to Rule 19C.13 of the Hong Kong Listing Rules or in the event of a material change in information provided to the SFC.

Disclosure of Interests under Part XV of SFO

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

We have applied for, and the SFC has granted, a partial exemption under section 309(2) of the SFO from the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO), on the conditions that (i) the bulk of trading in the Shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Hong Kong Listing Rules; (ii) the disclosures of interest filed in the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO; and (iii) we will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our worldwide share turnover that takes place on the Hong Kong Stock Exchange. This exemption may be reconsidered by the SFC in the event there is a material change in information provided to the SFC.

Disclosure of Interests Information

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

The SFC has granted us and our shareholders, a partial exemption from strict compliance with Part XV of the SFO as set out above under sub-section headed "Disclosure of Interest under Part XV of SFO." The U.S. Exchange Act and the rules and regulations promulgated thereunder require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the substantial shareholder's interests can be found in the section headed "Major Shareholders" in the Prospectus.

We undertake to file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC. We further undertake to disclose in present and future listing documents any shareholding interests as disclosed in an SEC filing and the relationship between our directors, officers, members of committees and their relationship to any controlling shareholder.

On the basis above, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from the requirements under Practice Note 5, paragraphs 41(4) and 45 of Appendix 1A of the Hong Kong Listing Rules.

Shareholder Protection

For an overseas issuer seeking a secondary listing on the Hong Kong Stock Exchange, Rule 19.30(1)(b) of the Hong Kong Listing Rules requires the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. Rule 19C.06 of the Hong Kong Listing Rules provides that Appendix 3 and Appendix 13 of the Hong Kong Listing Rules do not apply to an overseas issuer that is a Non-Greater China Issuer (as defined in the Hong Kong Listing Rules) or a Grandfathered Greater China Issuer seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules. Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that a Non-Greater China Issuer or a Grandfathered Greater China Issuer seeking a secondary listing has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules if it has met the shareholder protection standards by reference to eight criteria set out in Rule 19C.07 of the Hong Kong Listing Rules. We are a Grandfathered Greater China Issuer under Chapter 19C of the Hong Kong Listing Rules.

Approval, removal and remuneration of auditors

Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors must be approved by a majority of the Qualifying Issuer's members or other body that is independent of the issuer's board of directors, or the Auditors Provision. However, our Articles of Association do not contain an equivalent Auditors Provision. We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from the strict compliance with Rule 19C.07(3) of the Hong Kong Listing Rules on the following conditions and basis:

- While our board has the power to appoint, remove and remunerate the auditors, our board has formally delegated this function to the Audit Committee since our listing on the NYSE in 2014. The Audit Committee is akin to an independent body of our board on the basis of the independence requirements as set out in applicable U.S. laws and the NYSE rules. The Audit Committee comprises of three members, all of whom are independent directors as required by the U.S. Exchange Act and applicable NYSE rules. Since 2014, we have put forward a resolution at each annual general meeting for shareholders to ratify auditors' appointment and the ratification resolution in each year has been passed over with 99% votes in favor without exception.
- We are seeking a listing on the Hong Kong Stock Exchange under Chapter 19C of the Hong Kong Listing Rules.
- The disclosure of the basis of the waiver is set out in the Prospectus.

Requisition of extraordinary general meeting by shareholders

Rule 19C.07(7) of the Hong Kong Listing Rules requires members holding a minority stake in the Qualifying Issuer's total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the Qualifying Issuer. Article 57 of our Articles of Association provides that members who hold in aggregate of not less than one-third of the voting rights of our issued shares that are entitled to vote at general meetings may requisition a meeting, and such requisition must state the objects of the meeting, and set forth a form of any resolutions proposed by the requisitionists for consideration at the meeting. If the directors do not do so, the requisitioning members may proceed to convene such meeting. Hence, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from the strict compliance with Rule 19C.07(7) of the Hong Kong Listing Rules on the following conditions and basis:

- We have a diverse shareholder base and do not have a controlling shareholder who is entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings. As of the Latest Practicable Date, our largest single shareholder, SoftBank, owned approximately 25.8% and two of our founders, Jack Ma and Joe Tsai, beneficially owned approximately 6.1% and approximately 2.0% of our issued share capital, respectively. In contrast, many of the largest companies listed in Hong Kong have controlling shareholders and allied group of shareholders that are able to dominate the vote and effectively control all corporate decisions, making the right to requisition a meeting not meaningful. As such, the lack of a controlling shareholder who is entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings and our diverse shareholder base afford a level of shareholder protection comparable to Hong Kong listed companies with controlling shareholders.

- As the Alibaba Partnership's director nomination rights are categorized as a weighted voting right structure under the Hong Kong Listing Rules and no weighted voting rights are given to any particular shareholders, our one-share-one-vote structure and the fact that we do not have a controlling shareholder who is entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings afford a higher level of shareholder protection compared to Hong Kong listed companies with controlling shareholders.
- Considering the size of the Global Offering relative to our outstanding Shares at the time of the Listing, it will be significantly difficult for Hong Kong investors to reach a 10% shareholding threshold to requisition a meeting. Therefore, lowering the requisition threshold to 10% is not practical additional protection to investors in Hong Kong.
- As we are a Cayman Islands incorporated entity and also qualify as a foreign private issuer in the U.S., minority shareholders (i) have the rights to bring personal action directly against us, seek alternative remedies and derivative actions; and (ii) are indirectly protected by the U.S. federal securities laws, rules and regulations governed by the SEC.
- We are seeking a listing on the Main Board of the Hong Kong Stock Exchange under Chapter 19C of the Hong Kong Listing Rules.
- The disclosure of the basis of the waiver is set out in the Prospectus.

Investments and Acquisitions after the Track Record Period

Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules require that, among other things, the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made in respect of each of the three financial years immediately preceding the issue of the Prospectus.

We may increase our direct or indirect equity interest in entities that are already majority controlled by us and are consolidated in our financial statements. As these do not involve the acquisition of a company or a business, and the financial contribution of the relevant entities are already reflected in our financial statements, we do not believe that these increases in its equity interests represent an acquisition for the purpose of Rules 4.04(2) and 4.04(4).

Pursuant to the guidance letter HKEX-GL32-12 issued by the Hong Kong Stock Exchange, or GL32-12, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to GL32-12, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Ordinary course Investments since June 30, 2019

During the Track Record Period, we have made minority investments in a large number of companies both in China and overseas in the ordinary and usual course of business to further our strategic objectives. Since June 30, 2019 and up to the Latest Practicable Date, we have made or proposed to make minority investments in a number of companies, and we expect to continue to enter into further minority investments subsequent to the Latest Practicable Date and prior to the date of the Prospectus, collectively, the Investments. The Investments do not include those made or proposed to be made by AGTech Holdings Limited and its subsidiaries, or AGTech, whose shares are listed on the Growth Enterprise Market of the Hong Kong Stock Exchange (Stock Code: 8279), Alibaba Health and Alibaba Pictures, collectively the HKSE Listed Subsidiaries, which are subject to applicable restrictions on the disclosure of confidential information to us as its shareholder, as well as their own general disclosure obligations and obligations for notifiable transactions under the Hong Kong Listing Rules. Details of the Investments up to the Latest Practicable Date:

<u>Investments⁽¹⁾</u>	<u>Consideration⁽²⁾</u> (RMB million)	<u>Percentage of shareholding/ equity interest⁽²⁾</u>	<u>Principal business activities</u>
STO Express Co., Ltd.	14,700 ⁽³⁾	46%	Logistics services
Meinian Onehealth Healthcare Holdings Co Ltd ⁽⁶⁾	6,700 ⁽⁴⁾	– ⁽⁵⁾	Core commerce
Company A	5,980	49%	Innovative initiatives
Company B	3,211	– ⁽⁵⁾	Digital media and entertainment
Company C	1,750	3%	Core commerce
Company D	1,030	8% ⁽⁷⁾	Core commerce
Company E	950	10%	Cloud computing
BEST Inc. ⁽⁸⁾	687	29%	Logistics services
Company F	687	25%	Core commerce
Company G	500	5%	Logistics services
Company H	500	20%	Core commerce
Company I	500	49%	Core commerce
Company J	350	6%	Logistics services
Company K	172	35%	Core commerce
Company L	144	12%	Core commerce
Company M	108	20%	Core commerce
Company N	103	27%	Logistics services
Company O	103	4%	Innovation initiatives/ Cloud computing
Company P	100	49%	Core commerce
Company Q	100	13%	Core commerce
Company R	70	43%	Innovation initiatives
Company S	58	20%	Cloud computing
Company T	26	8%	Core commerce

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- (1) Given that we have not yet entered into legally binding agreements for certain of the above Investments as at the Latest Practicable Date, the terms and information set out above might be subject to further changes.
 - (2) The approximate consideration disclosed in the table represents our investment after June 30, 2019, to each of the Investments. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Investments after the completion of the disclosed transaction.
 - (3) Assumes full exercise of the call options described in the section headed “Financial Information – Recent Investment, Acquisition and Strategic Alliance Activities” in the Prospectus. Other details of STO Express Co., Ltd. are also set out in the above sub-section.
 - (4) Part of the consideration is to be contributed by one of our affiliated entities.
 - (5) Upon completion of our investment, we will hold a minority interest in Meinian Onehealth Healthcare Holdings Co Ltd and Company B.
 - (6) See “Financial Information – Recent Investment, Acquisition and Strategic Alliance Activities” in the Prospectus for further details of Meinian Onehealth Healthcare Holdings Co Ltd.
 - (7) The percentage of equity interests will be subject to the final amount raised by Company D. The current figure stated in the table above is calculated based on the estimated amount to be raised by Company D as at the Latest Practicable Date.
 - (8) See note 4(y) to the Accountant’s Report included in Appendix IA, and note 4(g) to the Unaudited Condensed Interim Financial Information included in Appendix IB, to the Prospectus for further details of BEST Inc.

The investment amounts for the Investments are the result of commercial arm’s length negotiations, based on factors including stock price (for public companies), market dynamics, a mutually agreed valuation, and/or capital required for the target company’s operations.

Conditions to the waiver granted by the Hong Kong Stock Exchange

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules in respect of our Investments on the following grounds:

Ordinary and usual course of business

We make strategic equity investments in sectors relating to our business as part of our ordinary and usual course of business. We have a long history of making investments and have conducted a substantial number of investments during the Track Record Period.

The percentage ratios of each Investment are all less than 5% by reference to the most recent fiscal year of the Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for each of the Investments are all significantly less than 5% by reference to the most recent fiscal year of our Track Record Period. To the best of our knowledge, the Investments are not subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules. None of the Investments should be aggregated because (i) each of the Investments involves the acquisition of interests in a different target company and (ii) the Investments were entered into with different counterparties.

Accordingly, we believe that the Investments have not resulted in any significant change to our financial position since June 30, 2019, and all information that is reasonably necessary for potential investors to make an informed assessment of our activities or financial position has been included in the Prospectus. As such, a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investing public.

We are neither able to exercise any control, nor have any significant influence, over the underlying company or business

We only hold and/or will only hold a minority equity interest in each of the Investments and do not control their boards of directors; and we currently expect this to remain the case for any subsequent Investments. For Investments in which we have over 20% equity interest, we do not exert significant influence because we do not have board majority. We are also not involved in the day to day management of these Investments and we only enjoy minority strategic shareholder rights. The minority rights given to us are generally commensurate to our status as a minority shareholder and are for the protection of our interests as a minority stakeholder in the Investments. These rights are neither intended, nor they sufficient to compel or require them to prepare or to disclose in the Prospectus audited financial statements for the purposes of compliance with the relevant requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules. These disclosures are also not required pursuant to applicable U.S. securities laws. It could be prejudicial and potentially harmful to our portfolio relationships and commercial interests to do so. In addition, as some portfolio companies are private, disclosing this information could harm their interests and bring them into an unfavorable competitive position. As we do not expect the Investments to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules would prejudice the interest of the investors to assess us.

Alternative disclosure of the Investments in the Prospectus

We have provided alternative information in connection with the Investments in this section. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the principal business activities, the investment amounts, and a statement that none of the core connected persons at the level of our Company is a controlling shareholder of any of the Investments. For the avoidance of doubt, we have excluded disclosure on certain Investments in the Prospectus because (i) we have entered into confidentiality agreements with these companies and do not have consent for such disclosure and/or (ii) given that we have not yet entered into legally binding agreements with respect to all of these investments as of the Latest Practicable Date and the competitive nature of the industries in which we operate, disclosure of the names of the relevant companies in the Prospectus is commercially sensitive and may jeopardize our ability to consummate the proposed Investments. It is commercially sensitive to disclose the identities of the companies we invested in or propose to invest in to avoid our competitors anticipating our strategy. Since the relevant percentage ratio of each Investment is less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund such Investments.

Acquisitions since June 30, 2019

Since June 30, 2019, we have made or proposed to make a number of acquisitions and up to the Latest Practicable Date, and we expect to continue to enter into further acquisitions subsequent to the Latest Practicable Date and prior to the date of the Prospectus, collectively, the Acquisitions. The Acquisitions do not include those made or proposed, to be made by the HKSE Listed Subsidiaries, which are subject to applicable restrictions on the disclosure of confidential information to us as its shareholder, as well as their own general disclosure obligations and obligations for notifiable transactions under the Hong Kong Listing Rules. Details of the Acquisitions up to the Latest Practicable Date include:

Targets	Consideration⁽¹⁾ (RMB million)	Percentage of shareholding/ equity interest⁽¹⁾	Principal business activities
Kaola	12,958	100%	Core commerce
Company U	2,050 ⁽²⁾	93%	Logistics services
Company V	1,080	51%	Logistics services
Company W	1,050	100%	Cloud computing/ innovation initiatives
Company X	847	76%	Logistics services
Company Y	635	64%	Logistics services
Company Z	369 ⁽³⁾	67%	Logistics services
Company AA	255	100%	Cloud computing/ innovation initiatives
Company AB	176	70%	Core commerce
Company AC	150	50%	Core commerce
Company AD	50	50%	Core commerce
Company AE	18	100%	Logistics services
Company AF	15	100%	Logistics services

(1) The approximate consideration disclosed in the table represents our investment after June 30, 2019, to each of the Acquisitions. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Acquisitions after the completion of disclosed transaction.

(2) The consideration also includes an investment, representing approximately 100% equity interest, in an affiliated entity.

(3) The consideration includes an investment in an affiliated entity.

The acquisition amounts for the Acquisitions are the result of commercial arm's length negotiations, based on factors including stock price (for public companies), market dynamics, a mutually agreed valuation, and/or capital required for the target company's operations.

Conditions to the waiver granted by the Hong Kong Stock Exchange

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules in respect of the Acquisitions on the following grounds:

The percentage ratios of each Acquisition are all less than 5% by reference to the most recent fiscal year of our Track Record Period.

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for the Acquisitions are all significantly less than 5% by reference to the most recent fiscal year of the Track Record Period. To the best of our knowledge, the Acquisitions are not subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules. None of the Acquisitions should be aggregated because (i) each of the Acquisitions involves the acquisition of interests in a different target company and (ii) the Acquisitions were entered into with different counterparties.

Accordingly, the Acquisitions have not resulted in any significant change to our financial position since June 30, 2019, and all information that is reasonably necessary for the potential investors to make an informed assessment of our activities or financial position has been included in the Prospectus. As such, a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investing public.

The historical financial information of the Targets is not available and would be unduly burdensome to obtain or prepare

The Targets do not have available historical financial information which is readily available for disclosure in the Prospectus in accordance with the Hong Kong Listing Rules. In addition, it will require considerable time and resources for us and our reporting accountant to fully familiarize ourselves with the management accounting policies of the Targets and compile necessary financial information and supporting documents for disclosure in the Prospectus. As such, it would be impractical and unduly burdensome for us to disclose the audited financial information of the Targets as required under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules.

In addition, having considered the Acquisitions are immaterial and that we do not expect the Acquisitions to have any material effect on our business, financial condition or operations, it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of the Targets during the Track Record Period in the Prospectus. As we do not expect the Acquisitions to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules would prejudice the interest of the investors to assess us.

Alternative disclosure of the Acquisitions in the Prospectus

We have provided alternative information in this section in connection with the Acquisitions. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the principal business activities, the investment amounts and a statement that none of the core connected persons at the level of our Company is a controlling shareholder of any of the Targets. For the avoidance of doubt, the names of the Targets are not disclosed in the Prospectus because (i) we have entered into confidentiality agreements with these companies and do not have consent from all of them for such disclosure and/or (ii) given that we have not yet entered into legally binding agreements with respect to all of these Acquisitions as of the Latest Practicable Date and the competitive nature of the industries in which we operate, disclosure of the names of the relevant companies in the Prospectus is commercially sensitive and may jeopardize our ability to consummate the proposed Acquisitions. It is commercially sensitive to disclose the identities of the companies we invested in or propose to invest in to avoid our competitors anticipating our strategy. Since the relevant percentage ratio of each Acquisition is less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund such Acquisitions.

Waiver in relation to investments and acquisitions by the HKSE Listed Subsidiaries

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4) (a) of the Hong Kong Listing Rules in respect of the investments and the acquisitions made or proposed to be made by the HKSE Listed Subsidiaries on the basis that (a) the percentage ratios of each such investment or acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period, and (b) the HKSE Listed Subsidiaries are subject to applicable restrictions on the disclosure of confidential information to the Alibaba Group as its shareholder, as well as their own general disclosure obligations and obligations for notifiable transactions under the Hong Kong Listing Rules.

Accountant's Report

Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules and paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance set out certain content requirements in respect of an accountant's report included in a listing document.

Certain historical financial information required to be disclosed under the Hong Kong requirements are not required to be disclosed under the U.S. GAAP, in particular,

- (i) the following specific detail concerning financial information set out in Rules 4.05 and 4.13 of the Hong Kong Listing Rules:
- balance sheets at a company level;
 - aging analysis of accounts receivables;
 - aging analysis of accounts payables;
 - adjustments made to show profits of all periods in accordance with the relevant accounting standards in relation to the last fiscal year reported on; and

- (ii) balance sheets at a company level required under paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance.

In accordance with U.S. GAAP, we have applied the modified retrospective method or prospective method to account for the impact of the adoption of certain new accounting standards in the Track Record Period. Under the modified retrospective method and prospective method adopted by us, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, we adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2014-09 “Revenue from Contracts with Customers (Topic 606)” and related amendments and implementation guidance, or ASC 606, Accounting Standards Update 2016-01 “Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities”, including related technical corrections and improvements, or ASU 2016-01, and Accounting Standards Update 2016-02 “Leases” (Topic 842)”, including certain transitional guidance and subsequent amendments, or ASC 842. The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the Accountant’s Report in Appendix IA to the Prospectus.

ASC 606 was adopted on April 1, 2018 using the modified retrospective method. Results for fiscal year 2019 are presented under ASC 606, while results for the comparative periods have not been adjusted and were reported in accordance with the previous revenue recognition standard under U.S. GAAP. The impact of adopting ASC 606 was not material on our consolidated financial statements and there was no adjustment to the beginning retained earnings on April 1, 2018.

ASU 2016-01 was adopted on April 1, 2018 using the modified retrospective method to account for the cumulative-effect adjustments to the balance sheet, except for fair value adjustments of equity securities for which we have elected to account for under the measurement alternative. The Financial Accounting Standards Board provides clear guidance within ASU 2016-01 that fair value adjustments of equity securities for which the measurement alternative is elected should be applied prospectively to equity securities that exist as of the date of the adoption and no retrospective method is permitted.

Upon the adoption of ASU 2016-01, fair value changes related to equity securities previously classified as available-for-sale were recorded in the consolidated income statements, whereas the fair value changes of these securities were recorded in other comprehensive income in previous fiscal years prior to the adoption. As of March 31, 2017 and 2018, net unrealized gains of RMB8,956 million and RMB9,403 million, respectively, on listed equity securities previously classified as available-for-sale were recorded in accumulated other comprehensive income. Upon the adoption of ASU 2016-01, net unrealized gains on these equity securities recorded in accumulated other comprehensive income as of March 31, 2018, net of tax, were reclassified into retained earnings as of April 1, 2018.

In addition, upon the adoption of ASU 2016-01, equity securities previously accounted for using the cost method were reclassified into investment securities. These equity securities do not have readily determinable fair values and we elected to record a majority of these equity securities using the measurement alternative. Fair value adjustments, including impairments, from applying the measurement alternative were recorded in the consolidated income statements. As required under ASU 2016-01, we prospectively applied the measurement alternative on these equity securities, and our consolidated financial statements for the comparative periods were not retrospectively adjusted. As of March 31, 2019 and June 30, 2019, the amount of equity securities for which we elected to record using the measurement alternative amounted to RMB81,514 million and RMB87,324 million, respectively.

The full retrospective application of ASU 2016-01 is not permitted under U.S. GAAP. Any adjustments to the historical financial information in the comparative periods arising from the full retrospective application of ASU 2016-01 will create confusion to the existing investors in the U.S. market and it may be misleading for us to disclose such information in the Accountant's Report in Appendix IA to the Prospectus.

ASC 842 was adopted on April 1, 2019 using the modified retrospective method by applying the new lease standard to all leases existing as of April 1, 2019, the date of initial application, and no adjustments were made to the comparative periods. Adoption of the new lease standard resulted in the recognition of operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheet as of April 1, 2019. The adoption of the new lease standard does not have any significant impact on our consolidated statements of comprehensive income and cash flows and there was no adjustment to the beginning retained earnings on April 1, 2019.

The following alternative disclosures with respect to certain items identified above which are relevant to us have been included in the Prospectus:

- disclosure of the accounting policy for accounts receivable and allowance for doubtful accounts in the Accountant's Report in Appendix IA to the Prospectus;
- for certain new accounting standards that came into effect in the latest fiscal year, the accounting policies as well as the impact of adoption, if any, to the beginning retained earnings of initial application (i.e. April 1, 2018 and 2019) has been disclosed in the Accountant's Report in Appendix IA to the Prospectus in accordance with the relevant requirements under U.S. GAAP; and
- disclosure of the relevant accounting policies adopted for the Track Record Period in the Accountant's Report in Appendix IA to the Prospectus.

As the Prospectus has included the above alternative disclosures and the disclosure in the Prospectus contains all information which is necessary for the investing public to make an informed assessment of the business, asset and liability, financial position, trading position, management and prospect of the Group, we believe that it would be of no material value to Hong Kong investing public for the Accountant's Report in Appendix IA to the Prospectus to include certain required information pursuant to Rules 4.04(3), 4.05(2) and 4.13 of the Hong Kong Listing Rules and paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance and the non-disclosure of such information is not material and will not prejudice the interests of the investing public.

On the basis of the matters set out above and on the ground that it would be unduly burdensome to us to include certain disclosures as required under Rules 4.04(3), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules, and we have applied for an exemption from strict compliance with Paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance. The SFC has granted an exemption referred to above on the conditions that:

- (i) the particulars of such exemption are set out in the Prospectus; and
- (ii) the Prospectus will be issued on or before November 15, 2019.

Prospectus Disclosure Requirements under the Hong Kong Listing Rules and the Companies (WUMP) Ordinance in Respect of Directors' and Five Highest Individuals' Emoluments and Directors' Residential Addresses

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors' emoluments during the three financial years ended March 31, 2017, 2018 and 2019 and the three months ended June 30, 2019, Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year, and Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

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

Paragraph 6 of the Third Schedule of the Companies (WUMP) Ordinance require the prospectus to include the address of directors and paragraph 45 of the Third Schedule of the Companies (WUMP) Ordinance provides that such address means the place of usual residence of the directors.

Waivers in relation to directors' and five highest individuals' emoluments

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules. In compliance with our annual reporting requirements with the SEC, we are required to report the aggregate amount of compensation paid, and benefits in kind granted, to our directors and members of our administrative, supervisory or management body (unless individual disclosure is required by the Cayman Islands, our jurisdiction of incorporation or otherwise made public). We provide aggregate compensation disclosure in our annual report on Form 20-F. As such, the additional disclosure would not provide additional meaningful disclosure for potential Hong Kong investors in relation to the directors' emoluments.

Waiver and exemption in relation to the disclosure of directors' residential addresses

We have applied to the SFC for, and the SFC has granted, a certificate of exemption under section 342A of the Companies (WUMP) Ordinance from strict compliance with the requirement of paragraph 6 of the Third Schedule of the Companies (WUMP) Ordinance, in respect of the disclosure of the residential address of Mr. Joseph C. TSAI, Mr. J. Michael EVANS, Mr. Masayoshi SON, Mr. E. Börje EKHOLM and Ms. Wan Ling MARTELLO, on ground that such disclosure would be inappropriate having considered the following factors:

- The five directors are high profile public figures due to the nature and scale of our business and their positions held in other companies. Joseph C. TSAI is a member of the Alibaba founding team and has served on our board of directors since our inception. Other than being a director of our Company, Mr. Masayoshi SON is also the chief executive officer of SoftBank Group Corp., Mr. J. Michael EVANS held senior positions at Goldman Sachs before joining our Company, Mr. E. Börje EKHOLM is the president and chief executive officer of Ericsson and Ms. Wan Ling Martello served as the executive vice president and chief executive officer of the Asia, Oceania, and Sub-Saharan Africa region for Nestle SA until December 2018. These directors appear on news articles and interviews from time to time and the latest corporate decisions and speeches made by these directors are often under the scrutiny by the general public and often generate interest across global media. Given their position as high profile public figures, the disclosure of the residential addresses of the five directors above may expose them and their families to unnecessary disturbance and unwanted public attention to their private lives.
- As we may from time to time be subject to malicious or frivolous complaints or allegations given the nature and scale of our business, the disclosure of the residential addresses of the five directors above in the Prospectus would create a real risk of exposing the five directors above and their families to harassment and endanger personal safety.
- Disclosure of the business addresses of the five directors has been made in the Prospectus and the non-disclosure of the residential addresses of the five directors above in the Prospectus will not prejudice the interests of the investing public and would not affect potential investors' ability to make an informed investment decision as to the securities for which listing is sought.

Other Prospectus Disclosure as Required under the Hong Kong Listing Rules and the Companies (WUMP) Ordinance

We have applied for, and the Hong Kong Stock Exchange (in respect of the Hong Kong Listing Rules) and the SFC (in respect of the Companies (WUMP) Ordinance) has granted, waivers and exemptions from strict compliance with certain content requirements in respect of the Prospectus as follows:

- ***Alterations of our capital and particulars of any commissions, discounts and brokerages:*** Paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraphs 11 and 14 of the Third Schedule of the Companies (WUMP) Ordinance require the listing document to include the particulars of any alterations of our capital within two years immediately preceding the issue of the listing document and the particulars of any commissions, discounts, brokerages or other special terms granted within two years immediately preceding the issue of the listing document in connection with the issue or sale of any of our capital. We have identified 11 entities that we consider are our major subsidiaries. For further details, see the section headed "Our History and Corporate Structure

– Our Major Subsidiaries and Operating Entities.” Globally, we have more than 1,200 subsidiaries and affiliated consolidated entities. It would be unduly burdensome for us to disclose this information in respect of non-Major Subsidiaries as we would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. By way of illustration, for the fiscal year ended March 31, 2019 and the three months ended June 30, 2019, the aggregate revenue and net income of the Major Subsidiaries in respect of which the relevant information is disclosed represents a significant majority of our total revenue and net income in both periods. Accordingly, our remaining subsidiaries and affiliated consolidated entities are individually insignificant to our overall results. As such, we have disclosed the particulars of the changes in our share capital and the Major Subsidiaries in the section headed “Statutory and General Information – Further Information about Us” in Appendix IV to the Prospectus and particulars of the commissions, discounts and brokerage fee in respect of our Major Subsidiaries and us are set out in the section headed “Statutory and General Information – Other Information – Miscellaneous” of Appendix IV to the Prospectus.

- ***Particulars of our capital or debentures of any of our consolidated subsidiary or affiliated consolidated entities which is under option:*** Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires us to set out in the prospectus particulars of any capital of any of our consolidated subsidiary or affiliated consolidated entities that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee. Paragraph 10 of Part 1 of Third Schedule to the Companies (WUMP) Ordinance further requires us to set out in the prospectus, among other things, details of the number, description and amount of any of our shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

In relation to our Company, the only options over our capital or debentures under option are those issued pursuant to our Equity Incentive Plans. The Equity Incentive Plans provide for the granting of RSUs, incentive and non-statutory options, restricted shares, dividend equivalents, share appreciation rights and share payments. The waiver and the exemption therefore only relates to the options that are outstanding under the Equity Incentive Plans, which only accounted for approximately 0.24% of our total outstanding Shares as of September 30, 2019. As of September 30, 2019, the options held by our directors and executive officers and their affiliates represent less than 0.15% of our total outstanding Shares.

Details of the Equity Incentive Plans, including outstanding RSUs, options and other rights held by our directors and executive officers, are set out in the section headed “Directors, Senior Management and Employees – Compensation – Equity Incentive Plans,” with details as required by applicable U.S. rules and regulations. However, the details with respect to options are not in strict compliance with the requirements of paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 10 of Part 1 of Third Schedule to the Companies (WUMP) Ordinance.

Having considered the background that (a) the SFC has granted a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV

of the SFO) in respect of disclosure of shareholders' interests; (b) the current disclosure in the Prospectus (including options granted to directors) as set out in the section headed "Directors, Senior Management and Employees – Compensation – Equity Incentive Plans", is substantially the same as that set out in our 20-F filings and complies with applicable U.S. laws and regulations; (c) the details of the options have not been disclosed in any of our filings with the U.S. Securities and Futures Commission, and (d) our Equity Incentive Plans are not subject to Chapter 17 of the Hong Kong Listing Rules as it is not applicable pursuant to Rule 19C.11 of the Hong Kong Listing Rules, we have applied to the Hong Kong Stock Exchange (in respect of the Hong Kong Listing Rules) and the SFC (in respect of the Companies (WUMP) Ordinance) for a waiver and/or exemption from strict compliance with the above disclosure requirement in relation to the options granted pursuant to the Equity Incentive Plans on the grounds that strict compliance with the above requirements or condition would be unduly burdensome, unnecessary and/or inappropriate for us.

- ***Particulars of the authorized debentures:*** Paragraph 25 of the Third Schedule of the Companies (WUMP) Ordinance requires particulars of the authorized debentures of us and our subsidiaries in the prospectus. It is unduly burdensome for us to procure this information as we have more than 1,200 subsidiaries and affiliated consolidated entities and for the reasons as set out above. As such, only the particulars of debentures in respect of us and our Major Subsidiaries are set out in the Prospectus under the section headed "Statutory and General Information – Other Information – Miscellaneous" in Appendix IV to the Prospectus.
- ***Information on subsidiaries whose profits or assets make material contribution to us:*** Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule of the Companies (WUMP) Ordinance require the listing document to include information in relation to the name, date and country of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company the whole of the capital of which or a substantial proportion thereof is held or intended to be held by us, or whose profits or assets make, or will make a material contribution to the figures in our auditors' report or to our next financial statements. It is unduly burdensome for us to procure this information as we have approximately 1,200 subsidiaries and affiliated consolidated entities for the reasons as set out above. As such, only the particulars in relation to our Major Subsidiaries are set out in the Prospectus under the section headed "Our History and Corporate Structure – Our Major Subsidiaries and Operating Entities" and "Statutory and General Information – Further Information about Us" in Appendix IV to the Prospectus, which should be sufficient for the potential investors to make an informed assessment of us in their investment decision.

The exemption from strict compliance with the content requirements in respect of the Companies (WUMP) Ordinance set out above was granted by the SFC on the conditions that:

- (i) the particulars of such exemption are set out in the Prospectus; and
- (ii) the Prospectus will be issued on or before November 15, 2019.

We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in the Prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (WUMP) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

Availability of copies of the prospectus in printed form

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

We have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 12.04(3), Rule 12.07 and Rule 12.11 of the Hong Kong Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

Corporate Communications

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

Our ADSs are listed on the NYSE. To the best of our knowledge, in June 2019, we had more than 1.6 million ADS holders globally.

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

Apart from the Offer Shares that we will offer for subscription in Hong Kong, the Offer Shares will also be placed to professional, institutional, corporate and other investors in Hong Kong and elsewhere in the world. Given our diverse shareholder base and the potential number of countries in which our shareholders are located, it would not be practicable for us to send printed copies of all our corporate communications to all of our shareholders. Further, it would also not be practicable for us to approach our existing shareholders individually to seek confirmation from them of their wish to receive corporate communications in electronic form, or to provide them with the right to request corporate communication in printed form instead.

With effect from the Listing on the Hong Kong Stock Exchange, we have or will make the following arrangements:

- We will issue all future corporate communications as required by the Hong Kong Listing Rules on our own website in English and Chinese, and on the Hong Kong Stock Exchange's website in English and Chinese.

- We will continue to provide printed copies of notice including the proxy materials to our shareholders at no costs.
- We will also add to the “Investor Relations” page of our website which will direct investors to all of our future filings with the Hong Kong Stock Exchange.

On the bases of the above, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 2.07A of the Hong Kong Listing Rules.

Monthly Returns

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in its equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates. Pursuant to the Joint Policy Statement Regarding the Listing of Overseas Companies, or Joint Policy Statement, companies applying for a secondary listing may seek a waiver from Rule 13.25B subject to satisfying the waiver condition that the SFC has granted a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) in respect of disclosure of shareholders’ interests. As we have obtained a partial exemption from the SFC, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 13.25B of the Hong Kong Listing Rules. We will disclose information about share repurchases, if any, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with applicable U.S. rules and regulations.

Publication of Interim Report for the six months ended September 30, 2019

Rule 13.48(1) of the Hong Kong Listing Rules requires an issuer to send an interim report or a summary interim report in respect of the first six months of the financial year within three months after the end of that period. Practice Note 10 of the Hong Kong Listing Rules requires newly listed issuers to prepare and publish interim reports in respect of the first six month period where the deadline for publishing the reports falls after the date on which dealings in the securities of the issuer commenced.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 13.48(1) of the Hong Kong Listing Rules in relation to the six months ended September 30, 2019 on, among others, the following grounds:

- as we have included in the Prospectus the audited financial information in respect of the three months ended June 30, 2019, the unaudited condensed interim financial information in respect of the three months ended September 30, 2019 and other financial disclosure, the strict compliance of such requirements would not provide our shareholders and potential investors with additional material information not already contained in the Prospectus; and
- to require us to prepare, publish and send to our shareholders an interim report over a short period of time after the publication of the Prospectus would incur unnecessary administrative cost and time on the part of our management and be unduly burdensome for us.

We confirm that we would not be in breach of our constitutional documents or laws or regulations of the Cayman Islands or any other regulatory requirements for not preparing, publishing and sending an interim report under the Hong Kong Listing Rules to our shareholders for the six months ended September 30, 2019.

Clawback mechanism under paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. Subject to the Hong Kong Stock Exchange granting the waiver described as below, the Hong Kong Public Offering and the International Offering will initially account for 2.5% and 97.5% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements of paragraph 4.2 of Practice Note 18 to the Hong Kong Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 25,000,000 Offer Shares, representing approximately 5.0% of the Offer Shares initially available under the Global Offering;
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 20 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 37,500,000 Offer Shares, representing 7.5% of the Offer Shares initially available under the Global Offering; and
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 20 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 50,000,000 Offer Shares, representing 10.0% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering.

See “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” in the Prospectus for further details.

Disclosure of Offer Price

Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules states that the issue price or offer price of each security must be disclosed in the prospectus.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules so that the Company will only disclose the maximum Public Offer Price for the Hong Kong Offer Shares, or the Public Offer Price, in the Prospectus:

- The Public Offer Price will be determined by reference to, among other factors, the closing price of the ADSs on the NYSE on the last trading day on or before the Price Determination Date and the Company has no control on the market price of its ADSs traded on the NYSE;
- Setting a fixed price or a price range with a low end International Offer Price or Public Offer Price may adversely affect the market price of the ADSs and the Hong Kong Offer Shares; and
- Disclosure of a maximum Public Offer Price is in compliance with the Companies (WUMP) Ordinance.

See “Structure of the Global Offering – Pricing And Allocation – Determining The Offer Price” in the Prospectus for the historical prices of our ADS and trading volume on the NYSE.

Dealings in the Shares prior to Listing

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

We have over 1,200 subsidiaries and affiliated consolidated entities and our ADSs are widely held, publicly traded and listed on the NYSE. For a company whose securities are listed and traded in the U.S., it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act, or the Rule 10b5-1 Plans, to buy or sell the company’s securities. A Rule 10b5-1 Plan is a written plan, set up with a broker, to trade securities that (a) is entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specifies the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) does not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities law.

SoftBank, our substantial shareholder, and other core connected persons of us may from time to time use the Shares as security (including charges and pledges) in connection with their respective financing activities.

On the basis of the above, the following categories of persons, collectively, the Permitted Persons, should not be subject to the dealing restrictions set out in Rule 9.09(b):

- Softbank, our substantial shareholder, in respect of (i) its use of the Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period; (ii) any dealings by a close associate of Softbank in the securities of the Company over which Softbank has no control provided that such close associate does not have any influence over the Global Offering and does not possess any non-public inside information from the Company; and (iii) its dealings pursuant to Rule 10b5-1 Plans they have set up prior to the Relevant Period, or Category 1;
- our directors and chief executive, and directors and chief executives of our Major Subsidiaries, in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans they have set up prior to the Relevant Period, or Category 2;
- directors, chief executives and substantial shareholders of our non-Major Subsidiaries (except for Taobao Holding Limited, Taobao China Holding Limited and Alibaba Investment Limited) and their close associates, or Category 3; and
- any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial shareholder and who is not our director or chief executive, or a director or chief executive of our subsidiaries, or their close associates, or Category 4.

For the avoidance of doubt,

- as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Hong Kong Listing Rules; and
- persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section “Dealings in the Shares prior to Listing” or (ii) are not dealing in our securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restriction under Rule 9.09(b) of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 9.09(b) of the Hong Kong Listing Rules in respect of any dealing during the Relevant Period by the Permitted Persons subject to the following conditions:

- Categories 1 and 2 of the Permitted Persons who enter into Rule 10b5-1 Plans have no discretion over dealings in our ADSs after the plans have been entered into. Where Categories 1 and 2 of the Permitted Persons use the Shares as security, other than as set out in the waiver above, there will be no change in the beneficial ownership of the Shares during the Relevant Period;
- Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any of our non-public inside information given such persons are not in a position with access to information that is considered material to us taken as a whole. Given the large number of our subsidiaries and the vast ADS holder base, we and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in our ADSs;
- we will promptly release any inside information to the public in the United States in accordance with the U.S. securities laws and NYSE listing rules. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which we are aware;
- we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our core connected persons during the Relevant Period when we become aware of the same other than dealings by core connected persons who are Permitted Persons within the permitted scopes as set out above; and
- prior to the Listing Date, other than within the permitted scopes as set out above, our directors and chief executive and directors and chief executives of our Major Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period. For the avoidance of doubt, such prohibited dealing in our Shares shall not include the granting, vesting, payment or exercise (as applicable) of RSUs, incentive and non-statutory options, restricted shares, dividend equivalents, share appreciation rights and share payments under the Equity Incentive Plans.

Subscription for Shares by existing shareholders

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

Our Company has over 1,200 subsidiaries and affiliated consolidated entities and its ADSs are widely held, publicly traded and listed on the NYSE. Categories 3 and 4 of the Permitted Persons (as defined in “– Dealings in Shares Prior to the Listing” above) have no influence over the Global Offering and are not in possession of any non-public inside information and are effectively in the same positions as our public investors. Categories 3 and 4 of the Permitted Persons and other public investors are referred to as Permitted Existing Shareholders.

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

- each Permitted Existing Shareholder is interested in less than 5% of the Company's voting rights before the Listing;
- other than the Categories 3 and 4 of the Permitted Persons, each Permitted Existing Shareholder is not a core connected person of the Company;
- the Permitted Existing Shareholders do not have the power to appoint directors of the Company or any other special rights in the Company;
- the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;
- the Permitted Existing Shareholder will be subject to the same book-building and allocation process as other investors in the Global Offering; and
- to the best of their knowledge and belief, each of the Company, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors (based on its discussions with and confirmations from the Company and the other Joint Representatives (for themselves and on behalf of the Underwriters)), confirms no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and their close associates as a placee in the International Offering by virtue of their relationship with the Company.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in the allotment results announcement of the Company as it would be unduly burdensome for the Company to disclose such information given that there is no requirement to disclose interests under the U.S. Exchange Act unless such person (including directors and officers of the company concerned) who acquires beneficial ownership of more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act.