

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 [REDACTED], assuming that the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED] and without taking into account any allotment and issuance of Class A ordinary shares upon exercise of the [REDACTED], the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of share awards that have been or may be granted from time to time and any issuance or repurchase of the 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
66,000,000,000	Class A ordinary shares	US\$41,250
2,832,000,000	Class B ordinary shares	US\$ 1,770
800,000,000	Preferred shares	US\$ 500
Total		US\$43,520

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

Number	Description of Shares	Approximate aggregate nominal value of shares
2,173,941,029	Class A ordinary shares	US\$1,358.71
559,900,320	Class B ordinary shares	US\$ 349.94
0	Preferred shares	US\$ 0
Total		US\$1,708.65

(iii) *Issued and outstanding**

Number	Description of Shares	Approximate aggregate nominal value of shares
2,125,123,424	Class A ordinary shares	US\$1,328.20
559,900,320	Class B ordinary shares	US\$ 349.94
0	Preferred shares	US\$ 0
Total		US\$1,678.14

Note:

* Excluding the 48,817,605 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 Plans.

2. Share capital immediately following the completion of the [REDACTED]

(i) *Authorized share capital*

Number	Description of Shares	Approximate aggregate nominal value of shares
66,000,000,000	Class A ordinary shares	US\$41,250
2,832,000,000	Class B ordinary shares	US\$ 1,770
800,000,000	Preferred shares	US\$ 500
Total		US\$43,520

SHARE CAPITAL

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

Number	Description of Shares	Approximate aggregate nominal value of shares
[REDACTED]	Class A ordinary shares	US\$[REDACTED]
[REDACTED]	Class B ordinary shares	US\$[REDACTED]
[REDACTED]	Preferred shares	US\$[REDACTED]
Total		US\$[REDACTED]

(ii) *Issued and outstanding**

Number	Description of Shares	Approximate aggregate nominal value of shares
[REDACTED]	Class A ordinary shares	US\$[REDACTED]
[REDACTED]	Class B ordinary shares	US\$[REDACTED]
[REDACTED]	Preferred shares	US\$[REDACTED]
Total		US\$[REDACTED]

Note:

* Excluding the 48,817,605 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 Plans.

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 10 votes, respectively, on all matters subject to the vote at general meetings of the Company.

Pursuant to the Articles, the directors of our board may, from time to time subject to their fiduciary duties to act in the best interests of the Company and for a proper purpose, cause the Company to issue preferred shares and determine, among others, their conversion rights, which may include conversion to Class A and/or Class B ordinary shares. Such rights are subject to the approval and discretion of the board.

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

The table below sets out the ownership and voting rights to be held by the WVR beneficiaries upon the completion of the [REDACTED]:

	Number of Shares	Approximate percentage of issued and outstanding share capital ⁽¹⁾	Approximate percentage of voting rights ⁽¹⁾⁽²⁾
Class A ordinary shares held by the WVR beneficiaries . . .	[22,901,040]	[REDACTED]%	[REDACTED]%
Class B ordinary shares held by the WVR beneficiaries . . .	[559,900,320]	[REDACTED]%	[REDACTED]%
Total	[582,801,360]	[REDACTED]%	[REDACTED]%

Notes:

(1) Excluding the [48,817,605] 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 Plans, and without taking into account any allotment and issuance of Shares upon exercise of the [REDACTED], the Shares to be issued pursuant to the Share Incentive Plans, 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.

SHARE CAPITAL

- (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 10 votes per share.

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 559,900,320 Class A ordinary shares, representing approximately [REDACTED] the total number of issued and outstanding Class A ordinary shares (without taking into account any allotment and issuance of Shares upon exercise of the [REDACTED], the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of share 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).

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. If at any time Robin Yanhong Li and his Affiliates (as defined in the Articles of Association) collectively own less than 5% of the total number of the issued and outstanding Class B Ordinary Shares, each issued and outstanding Class B Ordinary Share shall be automatically and immediately converted into one Class A ordinary share, and no Class B Ordinary Shares shall be issued by the Company thereafter.

Class B ordinary shares shall also be automatically and immediately converted into an equal number of Class A ordinary shares:

- (1) upon any sale, pledge, transfer, assignment or disposition of such Class B ordinary shares by a holder thereto to any person or entity which is not an Affiliate (as defined in the Articles of Association) of such holder; or
- (2) where, within 6 months after by a transfer by a holder of Class B ordinary shares to an Affiliate of such holder, there is a change of the beneficial ownership of the Class B ordinary shares held by the Affiliate.

Apart from the aforementioned (1) and (2), a change in the beneficial ownership of Class B ordinary shares shall not cause a conversion of Class B ordinary shares to Class A ordinary shares.

WVR Beneficiaries

Immediately upon the completion of the [REDACTED], the WVR beneficiaries will be the following:

	Number of Class A Ordinary Shares	Number of Class B Ordinary Shares	Approximate percentage of voting rights
Robin Yanhong Li	18,291,280	439,200,000	[REDACTED]%
Melissa Ma	609,760	116,600,000	[REDACTED]%
Shimoda Holdings, LLC ⁽¹⁾	4,000,000	4,000,000	[REDACTED]%
Integrity Partners V, LLC ⁽²⁾	0	100,320	[REDACTED]%
Total	22,901,040	559,900,320	[REDACTED]%

Notes:

- (1) Shimoda Holdings, LLC (“Shimoda”) holds 500,000 ADSs and 4,000,000 Class B ordinary shares of the Company. Shimoda is affiliated with an early stage investor of the Company that invested in the Company before its US IPO in 2005.
- (2) Integrity Partners V, LLC (“Integrity”) holds 100,320 Class B ordinary shares of the Company was not a record shareholder of any Class A ordinary shares as at the Latest Practicable Date. Integrity is affiliated with an early stage investor of the Company that invested in the Company before its US IPO in 2005.

Mr. Robin Yanhong Li, the chairman and chief executive officer of the Company, owns shares in his personal capacity and through Handsome Reward Limited. Ms. Melissa Ma is the spouse of Mr. Li and

SHARE CAPITAL

holds shares in her personal capacity. To the best knowledge of the Company, Shimoda and Integrity and their respective ultimate beneficial owners are an independent third parties of and not core connected persons of the Company, and the ultimate beneficial owners of the Other WVR Beneficiaries do not have a role in the Company’s business and operations.

The Company’s WVR structure enables the WVR beneficiaries to hold shares with a higher voting power than the holders of Class A ordinary shares. Mr. Robin Yanhong Li, the chairman and chief executive officer of the Company, is the WVR beneficiary holding the highest percentage of voting rights; such shareholding will enable the Company to benefit from the continuing vision and leadership of Mr. Li, who will exercise his voting power with a view to the Company’s long-term prospects and strategy.

Prospective [REDACTED] are advised to be aware of the potential risks of [REDACTED] in companies with weighed voting rights structures, in particular that interests of the WVR beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR beneficiaries will be in a position to exercise their higher voting power to influence the affairs of our Company and the outcome of shareholders’ resolutions, irrespective of how other shareholders vote. Prospective [REDACTED] should make the decision to [REDACTED] 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 “Risk Factors—Risks related to our Shares, our ADSs and the Listing”.

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 “Summary of our Constitution and Cayman Companies Act—Articles of Association” in Appendix III to this document for further details.

Assumptions

The above table assumes that the [REDACTED] becomes unconditional and the Class A ordinary shares are issued pursuant to the [REDACTED]. 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 issued 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 June 26, 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 12 months from June 27, 2018 through June 26, 2019. The share repurchase program was publicly announced on June 27, 2018.

On May 16, 2019, our board of directors authorized a new share repurchase program, under which we may repurchase up to US\$1.0 billion of our ADSs or ordinary shares, effective until July 1, 2020. The share repurchase program was publicly announced on May 16, 2019.

SHARE CAPITAL

The table below is a summary of the shares repurchased by us in 2019. All shares were repurchased in the open market pursuant to these share repurchase programs.

<u>Period</u>	<u>(a) Total Number of ADSs Purchased</u>	<u>(b) Average Price Paid per ADS (US\$)</u>	<u>(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans</u>	<u>(d) Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plans (US\$)</u>
May 1, 2019 to May 31, 2019	2,591,417	112.15	2,591,417	709,379,925
August 1, 2019 to August 31, 2019	2,582,880	104.28	2,582,880	440,045,461
October 1, 2019 to October 31, 2019 . . .	1,277,274	99.61	1,277,274	312,814,075
December 1, 2019 to December 31, 2019	<u>193,767</u>	114.92	<u>193,767</u>	290,546,496
Total	<u>6,645,338</u>	106.76	<u>6,645,338</u>	290,546,496

On May 13, 2020, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$1.0 billion of our ADSs or shares, effective until July 1, 2021. On August 6, 2020, our board of directors approved a change to the 2020 share repurchase program, increasing the repurchase authorization from US\$1 billion to US\$3 billion and extending the effective time through December 31, 2022. In December 2020, our board of directors approved a further increase in the repurchase authorization from US\$3.0 billion to US\$4.5 billion. The source of funding for our share repurchase program is our offshore cash and primarily from our direct offshore debt financing.

The table below is a summary of the shares repurchased by us in 2020. All shares were repurchased in the open market pursuant to these share repurchase programs.

<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>
February 1 – February 28, 2020	400	US\$114.98	400	US\$ 290,500,506
March 1 – March 31, 2020	1,827,789	US\$101.01	1,827,789	US\$ 105,867,731
May 13 – May 31, 2020	5,022,715	US\$107.50	5,022,715	US\$4,065,927,328
August 1 – August 31, 2020	3,812,255	US\$125.05	3,812,255	US\$3,483,326,261
September 1 – September 30, 2020	976,584	US\$122.33	976,584	US\$3,363,860,520
October 1 – October 31, 2020	37,987	US\$123.00	37,987	US\$3,359,188,267
November 1 – November 30, 2020	1,419,289	US\$137.80	1,419,289	US\$3,163,615,488
December 1 – December 31, 2020	<u>2,664,972</u>	US\$143.06	<u>2,664,972</u>	US\$2,782,363,579
Total	<u>15,761,991</u>	US\$120.69	<u>15,761,991</u>	US\$2,782,363,579