
SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a summary of our Company's authorized and issued share capital immediately prior to, and upon the completion of, the Global Offering.

Authorized share capital

	Shares	Approximate aggregate nominal value of Shares US\$
Authorized share capital	1,000,300,000,000	100,030,000

Issued, fully paid or credited to be fully paid

	Shares	Nominal value of shares US\$	Approximate percentage of authorized share capital %
Issued share capital	3,257,915,456	0.0001	0.326
<i>Shares to be issued under the Global Offering</i>	<i>171,480,000</i>	<i>0.0001</i>	<i>0.017</i>
Issued share capital upon the completion of the Global Offering	3,429,395,456	0.0001	0.343

Assumptions

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not account for any allotment and issuance of Shares upon the exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time, and any issuance or repurchase and cancellation of Shares and/or ADSs that we may make after the Latest Practicable Date.

Ranking

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of the Record Date.

General meetings

See "Summary of our Constitution and Cayman Companies Law" in Appendix III.

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Share Incentive Plans

See “Director and Senior Management — Our share incentive plans.”

Share purchases of our Company and of Youdao

Repurchase of our Company’s ADSs

On November 14, 2018, we announced a share repurchase program authorized by our board, pursuant to which we were authorized to purchase up to US\$1.0 billion worth of our issued and outstanding ADSs on the Nasdaq. This share repurchase program expired on November 16, 2019. The table below shows the ADSs that we have repurchased under this program as of November 15, 2019, being the last day of the program.

<u>Period</u>	<u>Total Number of ADSs Purchased⁽¹⁾</u>	<u>Average Dollar Value per ADS US\$</u>	<u>Dollar Value of ADSs Purchased as Part of Publicly Announced Plans or Programs US\$</u>	<u>Approximate Maximum Dollar Value of ADSs that May Yet Be Purchased Under the Plans or Programs US\$</u>
August 2019	1,015	209.94	213,091	999,786,909
Total	<u>1,015</u>		<u>213,091</u>	

Note: Our ADS to Share ratio is one ADS for every 25 Shares.

On February 26, 2020, we announced a share repurchase program authorized by our board of directors pursuant to which we were authorized to purchase up to US\$1.0 billion of our outstanding ADSs for a period not to exceed 12 months.

In May 2020, our board approved an amendment to the share repurchase program to expand the authorized repurchase amount to US\$2.0 billion.

Purchase of Youdao’s ADSs

On November 20, 2019, we announced a share purchase program authorized by our board, pursuant to which we were authorized to purchase up to US\$20.0 million worth of Youdao’s outstanding ADSs on the New York Stock Exchange. The share purchase program will expire on November 25, 2020. As of December 31, 2019, approximately 50,000 ADSs of Youdao had been purchased under this program.