

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company upon the Listing:

Authorized Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)
48,700,000,000	Class A Ordinary Shares of a par value of US\$0.00001 each	487,000.00
800,000,000	Class B Ordinary Shares of a par value of US\$0.00001 each	8,000.00
500,000,000	Undesignated shares of a par value of US\$0.00001 each	5,000.00
<u>50,000,000,000</u>	Total	<u>500,000.00</u>

Issued and outstanding as of Latest Practicable Date

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)	Approximate percentage of the issued share capital
733,502,308 ⁽¹⁾	Class A Ordinary Shares of a par value of US\$0.00001 each	7,335.02308	65.84%
140,802,051 ⁽²⁾	Class B Ordinary Shares of a par value of US\$0.00001 each which are beneficially owned by the relevant Tencent Entity	1,408.02051	12.64%
874,304,359	Sub-total	8,743.04359	78.48%

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Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)	Approximate percentage of the issued share capital
239,750,000	Class B Ordinary Shares of a par value of US\$0.00001 each which are beneficially owned by Mr. Li	2,397.50000	21.52%
<u>1,114,054,359</u>	Total	<u>11,140.54</u>	<u>100%</u>

Notes:

- (1) This reflects the number of Class A Ordinary Shares issued and outstanding immediately prior to conversion of Class B Ordinary Shares by Qiantang River Investment Limited, one of the Tencent Entities.
- (2) The Class B Ordinary Shares beneficially owned by Tencent Group through Qiantang River Investment Limited will be converted into Class A Ordinary Shares upon the completion of the Introduction pursuant to the conversion notice delivered by Qiantang River Investment Limited.

Conversion of Class B Ordinary Shares by the relevant Tencent Entity

As of the Latest Practicable Date, Tencent Group, through Qiantang River Investment Limited, beneficially owned an aggregate of 140,802,051 Class B Ordinary Shares. On October 25, 2021, Qiantang River Investment Limited, one of the Tencent Entities, delivered a share conversion notice to the Company to convert all of the 140,802,051 Class B Ordinary Shares held by the relevant Tencent Entity to Class A Ordinary Shares upon Listing. Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder thereof. Upon the conversion of a total of the 140,802,051 Class B Ordinary Shares held by the relevant Tencent Entity into Class A Ordinary Shares which will take effect upon Listing, the Company will issue 140,802,051 Class A Ordinary Shares, representing approximately 16.10% the total number of issued Class A Ordinary Shares upon completion of the Introduction and conversion of Class B Ordinary Shares into Class A Ordinary Shares (assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date).

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Issued and outstanding following the completion of the Introduction

The issued share capital of our Company immediately following the completion of the Introduction (assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date and without taking into account the Class A Ordinary Shares issued (as of the Latest Practicable Date) to our depositary bank for bulk issuance of ADS reserved for future issuance upon the exercise or vesting of awards granted under the Share Incentive Plans) will be as follows:

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)	Approximate percentage of the issued share capital
874,304,359	Class A Ordinary Shares of a par value of US\$0.00001 each	8,743.04359	78.48%
239,750,000	Class B Ordinary Shares of a par value of US\$0.00001 each which are beneficially owned by Mr. Li	2,397.50000	21.52%
<u>1,114,054,359</u>	Total	<u>11,140.54359</u>	<u>100%</u>

WEIGHTED VOTING RIGHTS STRUCTURE

WVR Structure

As of the Latest Practicable Date, our Company adopted a weighted voting rights structure, under which our share capital comprises Class A Ordinary Shares (which entitles the holders to exercise one vote) and Class B Ordinary Shares (which entitles the holders to exercise 20 votes). On November 21, 2022, pursuant to our existing Articles of Association, Mr. Li, being the WVR Beneficiary, delivered an irrevocable written consent to the Company, among other things, to consent to the modification of voting rights attached to each Class B Ordinary Share from 20 votes to ten votes pursuant to Rule 8A.10 of the Listing Rules, effective upon the Listing. Accordingly, each Class B Ordinary Share shall entitle its holder to exercise ten votes, with effect from the Listing on all matters that require a shareholder's vote, subject to Rule 8A.24 of the Listing Rules that requires a limited number of Reserved Matters to be voted on a one vote per share basis as set out below (save for the specified exception for the compliance of Rule 8A.24 of the Listing Rules).

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The Reserved Matters are:

- (i) any amendment to the Memorandum of Association or Articles of Association, including the variation of the rights attached to any class of shares;
- (ii) the appointment, election or removal of any independent non-executive Director;
- (iii) the appointment or removal of the Company's auditors; and
- (iv) the voluntary liquidation or winding-up of the Company.

In addition, our Articles of Association do not currently satisfy some of the articles requirements under Chapter 8A (including Rule 8A.10) of, and Appendix 3 to, the Listing Rules (the “**Unmet Listing Rules Articles Requirements**”), and we will also put forth resolutions to incorporate the Unmet Listing Rules Articles Requirements into our Articles of Association at the next general meeting following the Listing (the “**First GM**”), which we have undertaken to convene on or before June 30, 2023.

Furthermore, we undertake to, at the First GM, seek shareholders' approval to amend our Articles to incorporate the Unmet Articles Requirements into the Articles. Details of these proposed amendments are set out in the section headed “Waivers — Requirements relating to the Articles of Association of the Company” of this document.

In addition, save for the exceptions specified below, we have undertaken to the Stock Exchange to fully comply with the Unmet Articles Requirements upon the Listing and before our Articles are formally amended:

- paragraph 15 of Appendix 3 to the Listing Rules such that, prior to the Company's Articles being amended, the threshold for passing a resolution in a separate class meeting will be approval by two-thirds of the votes cast by the issued shares of that class pursuant to article 17 of the Company's existing Articles;
- Rules 8A.24(1) and (2) of the Listing Rules such that, prior to the Company's Articles being amended, weighted voting rights will apply in connection with passing the Proposed Resolutions; and
- paragraph 16 of Appendix 3 to the Listing Rules such that, prior to the Company's Articles being amended, the threshold for passing a special resolution for amendments to the Company's Articles will be approved by members holding not less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 158 of the Company's existing Articles.

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For further details, please see “Waivers — Requirements relating to the Articles of Association of the Company” and 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 Beneficiary upon the completion of the Introduction:

	Number of Shares	Approximate % of issued and outstanding share capital ⁽¹⁾	Approximate % of total voting rights ⁽¹⁾⁽²⁾
Class A Ordinary Shares	164,086,568	14.73%	5.02%
Class B Ordinary Shares	239,750,000	21.52%	73.28%
Total	403,836,568	36.25%	78.29%

Notes:

- (1) Assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date and all Class B Ordinary Shares held by Tencent Group through Qiantang River Investment Limited will be converted to Class A Ordinary Shares on a one-on-one basis upon the completion of the Introduction.
- (2) Class A Ordinary Shares entitle the Shareholder to one vote per share and Class B Ordinary Shares entitle the Shareholder to ten (10) votes per share with effect from the Listing, except for resolutions with respect to the Reserved Matters for which each Share entitles each Shareholder to one vote per share.

Class B Ordinary Shares may be converted into Class A Ordinary Shares on a one-on-one basis. Immediately after the completion of the Introduction, upon the conversion of all the issued and outstanding Class B Ordinary Shares into Class A Ordinary Shares, the Company will issue 239,750,000 Class A Ordinary Shares, representing approximately 27.42% of the total number of issued and outstanding Class A Ordinary Shares upon completion of the Introduction (assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date).

The weighted voting rights attached to our Class B Ordinary Shares will cease when the WVR Beneficiary no longer has beneficial ownership of any of our Class B Ordinary Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

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- (ii) when the holders of Class B Ordinary Shares have transferred to another person the beneficial ownership of, or economic interest in, all of the Class B Ordinary Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;
- (iii) where a vehicle holding Class B Ordinary Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or
- (iv) when all of the Class B Ordinary Shares have been converted to Class A Ordinary Shares.

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, see “Summary of the Constitution of the Company and Cayman Companies Act — Summary of the Constitution of the Company — 2. Articles of Association” in Appendix III for further details.

WVR Beneficiary

Immediately upon completion of the Introduction, the WVR Beneficiary will be Mr. Li, our founder, chairman of the Board, executive Director and chief executive officer. Assuming (i) no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date; and (ii) all Class B Ordinary Shares beneficially owned by Tencent Group through Qiantang River Investment Limited are converted to Class A Ordinary Shares upon the completion of the Introduction, Mr. Li will beneficially own and will control, through entities affiliated with him (i.e. Lera Ultimate Limited and Lera Infinity Limited), an aggregate of 239,750,000 Class B Ordinary Shares, representing (a) approximately 21.52% of our issued and outstanding Shares; (b) approximately 73.28% of the effective voting rights in our Company with respect to shareholder resolutions relating to matters other than the Reserved Matters; and (c) approximately 21.52% with respect to shareholder resolutions relating to the Reserved Matters upon completion of the Introduction. Lera Ultimate Limited and Lera Infinity Limited are ultimately owned by Lera Direction Plus Trust and Lera Target Trust, respectively, each of which is a trust established by Mr. Li (as the settlor) for the benefit of his family and himself.

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The Company confirms that the holding arrangement through which the WVR Beneficiary holds the Class B Ordinary Shares as described above meets the requirements in Rule 8A.18 of the Listing Rules and the holding arrangement is permitted under the “Consultation Conclusions-a listing regime for companies from emerging and innovative sectors” issued by the Stock Exchange in April 2018, namely: (a) a partnership of which the WVR Beneficiary is a partner and the terms of which must expressly specify that the voting rights attached to any and all of the Class B Ordinary Shares held by such partnership are solely dictated by the WVR Beneficiary; (b) a trust of which the WVR Beneficiary is a beneficiary and that meets the following conditions: (i) the WVR Beneficiary must in substance retain an element of control of the trust and any immediate holding companies of, or, if not permitted in the relevant tax jurisdiction, retain a beneficial interest in any and all of the Class B Ordinary Shares held by such trust; and (ii) the purpose of the trust must be for estate planning and/or tax planning purposes; or (c) a private company or other vehicle wholly-owned and wholly controlled by the WVR Beneficiary or by a trust referred to in paragraph (b) above.

Each of the Company and Mr. Li confirms that there is no encumbrance over any Class B Ordinary Shares as at the date of this document and that no new encumbrance will be created over any Class B Ordinary Shares before the proposed amendments to the Articles as described in the section headed “Waivers — Requirements relating to the Articles of Association of the Company” have become effective.

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

Mr. Li is the founder, chairman of the Board, executive Director and chief executive officer of our Company. He has been the forefront of our Group’s growth and innovation since its inception, providing the core vision and philosophy and participating in all of the key management decisions that has led to the continued success and development of our Group. In particular, Mr. Li has led the technology committee of our Company to formulate technology development strategies, optimize the existing technology infrastructure and implement large-scale technology projects of our Group. For Mr. Li’s biographical details, please refer to “Directors and Senior Management” of this document.

Prospective investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of Shareholders’ resolutions. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure, see “Risk factors — Risks related to our Class A Ordinary Shares and ADSs.”

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Undertakings by the WVR Beneficiary

Pursuant to Rule 8A.43 of the Listing Rules, the WVR Beneficiary is required to give a legally enforceable undertaking to the Company that he will comply with the relevant requirements as set out in Rule 8A.43 of the Listing Rules, which is intended to be for the benefit of and enforceable by the Shareholders. On December 20, 2022, Mr. Li made an undertaking to the Company (the “**Undertaking**”), that for so long as he is a WVR Beneficiary:

- (a) he shall comply with (and, if the shares to which the weighted voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company, or other vehicle, use his best endeavors to procure that such limited partnership, trust, private company or other vehicle complies with) all applicable requirements under Rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18 and 8A.24 of the Listing Rules from time to time in force (the “**Requirements**”); and
- (b) he shall use his best endeavors to procure that the Company complies with all applicable Requirements, to the extent not waived by the Stock Exchange.

For the avoidance of doubt, the Requirements are subject to Rule 2.04 of the Listing Rules. The WVR Beneficiary acknowledged and agreed that the Shareholders rely on the Undertaking in acquiring and holding their shares. The WVR Beneficiary acknowledged and agreed that the Undertaking is intended to confer a benefit on the Company and all Shareholders and may be enforced by the Company and/or any Shareholder against the WVR Beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of the Company from the Stock Exchange, and (ii) the date on which the WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

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SHAREHOLDING BY OUR MAJOR SHAREHOLDERS

The table below sets forth the number of Shares held, voting rights and beneficial interests of the Company's major shareholders and other shareholders upon Listing, assuming (i) no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date; and (ii) all Class B Ordinary Shares beneficially owned by Tencent Group through Qiantang River Investment Limited are converted to Class A Ordinary Shares upon the completion of the Introduction.

Shareholders	Class of Shares	Number of Shares	Approximate % of voting rights ⁽¹⁾	Approximate % of issued and outstanding share capital
WVR Beneficiary . . .	Class A Ordinary Shares	164,086,568	5.02%	14.73%
	Class B Ordinary Shares	239,750,000	73.28%	21.52%
Tencent Entities	Class A Ordinary Shares	247,418,662	7.56%	22.21%
Other Directors	Class A Ordinary Shares	4,779,480	0.15%	0.43%
Other Shareholders ⁽²⁾	Class A Ordinary Shares	458,019,649	14.00%	41.11%

Notes:

- (1) Class A Ordinary Shares entitle the Shareholder to one vote per share and Class B Ordinary Shares entitle the Shareholder to ten (10) votes per share with effect from the Listing, except for resolutions with respect to the Reserved Matters for which each Share entitles each Shareholder to one vote per share.
- (2) Representing Shareholders who, to the best knowledge of the Directors, hold less than 5% of our issued share capital and are independent third parties.

SHARE INCENTIVE PLANS

See “Statutory and General Information — D. Share Incentive Plans” as set out in Appendix IV to this document for details about our Share Incentive Plans.

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POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which General Meeting and Class Meeting are Required

Our Company may by ordinary resolution (i) increase its share capital by the creation of new shares; (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; and (iv) sub-divide its shares or any of them into shares of smaller amount. In addition, our Company may by special resolution reduce its share capital or any capital redemption reserve subject to any conditions prescribed by the Cayman Companies Act.

See “Summary of the Constitution of the Company and Cayman Companies Act — Summary of the Constitution of the Company — Articles of Association — Summary of the Constitution of the Company — 2. Articles of Association — 2.11 Changes in Share Capital” in Appendix III for further details.

If at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Act, be varied or abrogated only with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of not less than two-thirds in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class Present (as defined in the Articles) and voting at such meeting.

See “Summary of the Constitution of the Company and Cayman Companies Act — Summary of the Constitution of the Company — Articles of Association — Summary of the Constitution of the Company — 2. Articles of Association — 2.7 Variation of Rights of Shares” in Appendix III for further details.