Registrant’s telephone number, including area code: +852-2215-5100

American Depositary Shares, each representing eight Ordinary Shares

Ordinary Shares, par value US$0.000003125 per share

9988 (HKD Counter)
89988 (RMB Counter)

The Stock Exchange of Hong Kong Limited
New York Stock Exchange

Title of each class | Trading Symbols | Name of each exchange on which registered
--- | --- | ---
Ordinary Shares | 9988 (HKD Counter) 89988 (RMB Counter) | The Stock Exchange of Hong Kong Limited

If the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act:

☐ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

☒ Yes ☐ No

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LETTER FROM OUR CHAIRMAN AND CEO TO SHAREHOLDERS

Dear Shareholders,

Thank you for your continued trust, support, and recognition. Over the past year, we have collectively witnessed and experienced many significant events – we finally moved on from the pandemic, work and life got back on track, and the world reopened. New disruptive AI technology is changing how we view the world and understand reality, and there are high hopes for it to drive fundamental change across all aspects of the human experience.

During this time of big transformations, I appreciate the opportunity to share with you the series of important changes at Alibaba over the past year, along with our thoughts and outlook for the future.

2023 is destined to be a year filled with significance in Alibaba history. Just before the end of the fiscal year, we announced a decision with far-reaching impact - after 24 years, Alibaba is evolving from a single company into a new governance model of “1+6+N” in which major business groups and various companies have independent operations. “1” represents Alibaba Group’s holding company, “6” refers to six major business groups - Cloud Intelligence Group, Taobao and Tmall Group, Local Services Group, Alibaba International Digital Commerce (AIDC) Group, Cainiao Smart Logistics Network Limited, and Digital Media and Entertainment Group, and “N” refers to various businesses such as Alibaba Health, Sun Art Retail, and Freshippo. Each entity in the “6+N” will establish its own board of directors that will provide oversight and support to the chief executive officer of the business. Moving forward, Alibaba Group will focus on implementing good capital management, supporting the healthy development of our major business groups and various companies, and fostering the development of new innovative businesses.

Over the last 24 years, the Alibaba family became quite diverse, with increasingly more creative and dynamic units. Our consumer-focused businesses in China served over one billion Chinese consumers last year. Cloud Intelligence Group is currently the world’s third largest and Asia Pacific’s largest cloud computing service provider. As of March 31, 2023, Cloud Intelligence Group has 86 availability zones across 28 regions worldwide, serving more than four million global customers, including 80% of China’s science and technology innovation enterprises, 60% of China’s national-level specialized “little giant” enterprises, and 55% of listed companies on the Chinese stock exchanges. AIDC Group served hundreds of millions of overseas consumers with a comprehensive selection of local and global products and holistic consumption experience, and reached over 47 million active SME buyers worldwide. Cainiao celebrated its tenth anniversary earlier this year, and is developing a world-class smart logistics network within China and across international markets. It processed over four million cross-border and international parcels daily in fiscal year 2023 and is working to offer a five-day delivery service for cross-border parcels in the future, starting from its main markets. The Local Services Group’s platform businesses have provided convenient “to-home” and “to-destination” services to hundreds of millions of Chinese consumers. On October 1, 2022, the digital map navigation platform Amap registered a peak record of 220 million daily active users. The Digital Media and Entertainment Group has focused on delivering “ordinary people, powerful feelings, positive energy” content, and several releases have generated wide influence. Under the new governance structure, these business groups will independently cater to their respective markets, become self-reliant, and find unique paths to greater growth. Except for Taobao and Tmall Group, all business groups and companies can raise external capital and potentially seek their own independent public offerings, subject to meeting the necessary conditions. To date, we have announced plans for the following transactions:

- Cloud Intelligence Group will pursue a full spin-off from Alibaba Group via a stock dividend distribution to our shareholders and become an independent publicly listed company.
- Cainiao Smart Logistics Network and Freshippo will seek independent public offerings, respectively.
- AIDC Group will seek external capital.

Our organizational transformation is an unprecedented journey in the history of business in China and a daring experiment for a large-scale organization. As early as 2015, we introduced the “middle platform” strategy, then built the “large middle platform, small front office” organizational model, which supported our front line teams and became the industry benchmark. In 2020, we championed the development of an agile organization and gradually introduced greater management independence across our businesses. Internally we established a number of independently operated companies, including Cainiao Smart Logistics Network, Freshippo, and Local Services. In this latest development, we have progressed to the next stage of our transformation, which is the latest organizational governance structure of “1+6+N”.

Our robust balance sheet was instrumental in such a monumental transformation. Despite the challenges created by the global macroeconomic landscape, market fluctuations, and the pandemic, our businesses delivered solid progress. We generated approximately US$25 billion in free cash flow during the fiscal year. We used our abundant cash reserves to invest in new technologies, businesses, and great talent while continuing to execute our share repurchase program. During the fiscal year, we
repurchased approximately 130 million ADSs (the equivalent of one billion ordinary shares) for approximately US$10.9 billion and continued to explore different ways to create value for our shareholders.

At the beginning of 2023, I proposed “progress” as the keyword to set the tone for Alibaba’s development plans. “Progress” was necessary not only for the macro-environment changes and cyclical trends but also for Alibaba’s development trajectory. We believe the market is the best litmus test, and time will prove its worth. As we face a new era of unknowns, we hope to unleash our internal dynamism and creative forces through radical self-transformation that can withstand the test of the market and be positioned to capture the generational opportunities ahead. We believe our new governance structure will benefit the discovery and creation of value for our customers, business, and shareholders, and, hopefully, a chance to contribute greater value to the broader society.

Of course, some things will not change. Alibaba is unwavering in its commitment to focusing on the long-term, value creation, and the three strategies of consumption, cloud computing, and globalization. Over the last 20 years, we captured two historical opportunities: e-commerce in China’s consumer-focused Internet and cloud computing in China’s industrial Internet. Looking ahead, we will continue to serve hundreds of millions of households and support hundreds of thousands of industries through our two engines catering to the consumer Internet and industrial Internet, respectively. As the digital era begins its transition to the intelligent era, we must capture the generational opportunities associated with technology driving business transformation and the rapid changes in AI to create a larger runway for our businesses. We believe that AI’s contributions are not limited to efficiency improvements. We think it will create brand-new value.

As we begin this new chapter, Alibaba Group will welcome a new management team on September 10th. Joe will succeed me as the chairman of Alibaba Group, and Eddie as the chief executive officer of Alibaba Group. As for myself, I will be fully dedicated to my role as chairman and chief executive officer of our Cloud Intelligence Group and take on the new challenge of exploring the immense future in transforming and innovating with hundreds of thousands of industries through cloud computing, big data and AI.

The future is born out of our creations. Thank you again for your trust and support for Alibaba. I hope I will have the privilege of your companionship on the new journey, and may our future be extraordinary and full of miracles.

Daniel Zhang
Alibaba Group Chairman and Chief Executive Officer
Cloud Intelligence Group Chairman and Chief Executive Officer

July 2023
CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT ON FORM 20-F

Unless the context otherwise requires, references in this annual report on Form 20-F to:

- “2019 PRC Foreign Investment Law” are to the PRC Foreign Investment Law, promulgated by the National People’s Congress on March 15, 2019, which became effective on January 1, 2020;
- “ADSs” are to the American depositary shares, each of which represents eight Shares;
- “AI” are to artificial intelligence;
- “Alibaba,” “Alibaba Group,” “company,” “our company,” “we,” “our” or “us” are to Alibaba Group Holding Limited, a company incorporated in the Cayman Islands with limited liability on June 28, 1999 and, where the context requires, its consolidated subsidiaries and its affiliated consolidated entities, including its variable interest entities and their subsidiaries, from time to time;
- “Alibaba Health” are to Alibaba Health Information Technology Limited, a company incorporated in Bermuda on March 11, 1998, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 0241), and, except where the context otherwise requires, its consolidated subsidiaries;
- “Alibaba Pictures” are to Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability on January 6, 1994, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1060) and, except where the context otherwise requires, its consolidated subsidiaries;
- “Alipay” are to Alipay.com Co., Ltd., a company incorporated under the laws of the PRC on December 8, 2004, with which we have a long-term contractual relationship and which is a wholly-owned subsidiary of Ant Group or, where the context requires, its predecessor entities;
- “Altaba” are to Altaba Inc. (formerly known as Yahoo! Inc.) and where the context requires, its consolidated subsidiaries; Altaba filed a certificate of dissolution with the Secretary of State of the State of Delaware, which became effective on October 4, 2019;
- “Analysys” are to Analysys, a research institution;
- “annual active consumers” are to user accounts that placed one or more confirmed orders through the relevant platform during the previous twelve months, regardless of whether or not the buyer and seller settle the transaction;
- “Ant Group” are to Ant Group Co., Ltd. (formerly known as Ant Small and Micro Financial Services Group Co., Ltd.), a company organized under the laws of the PRC on October 19, 2000 and, as context requires, its consolidated subsidiaries;
- “Articles” or “Articles of Association” are to our Articles of Association (as amended and restated from time to time), adopted on September 2, 2014;
- “board” or “board of directors” are to our board of directors, unless otherwise stated;
- “business day” are to any day (other than a Saturday, Sunday or public holiday) on which banks in relevant jurisdictions are generally open for business;
- “Cainiao Network” are to Cainiao Smart Logistics Network Limited, a company incorporated on May 20, 2015 under the laws of the Cayman Islands and our consolidated subsidiary, together with its subsidiaries;
- “CCASS” are to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited;
- “China” and the “PRC” are to the People’s Republic of China;
• “Companies (WUMP) Ordinance” are to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time;

• “CSRC” are to the China Securities Regulatory Commission of the PRC;

• “Deposit Agreement” are to the deposit agreement, dated as of September 24, 2014, as amended, among us, Citibank, N.A. and our ADS holders and beneficial owners from time to time;

• “director(s)” are to member(s) of our board, unless otherwise stated;

• “DTC” are to The Depository Trust Company, the central book-entry clearing and settlement system for equity securities in the United States and the clearance system for our ADSs;

• “Ele.me” are to Rajax Holding, a company incorporated under the laws of the Cayman Islands on June 8, 2011 and our consolidated subsidiary, and, except where the context otherwise requires, its consolidated subsidiaries and its affiliated consolidated entities, including its variable interest entities and their subsidiaries; where the context requires, also refers to our on-demand delivery and local services platform under the Ele.me brand;

• “Enhanced VIE Structure” are to our enhanced structure for variable interest entities as described in “Item 4. Information on the Company — C. Organizational Structure”;

• “EU” are to the European Union;

• “FMCG” are to fast-moving consumer goods;

• “foreign private issuer” are to such term as defined in Rule 3b-4 under the U.S. Exchange Act;

• “Gartner” are to Gartner, Inc.; the Gartner content described herein (the “Gartner Content”) represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (“Gartner”), and are not representations of fact; Gartner Content speaks as of its original publication date (and not as of the date of this annual report), and the opinions expressed in the Gartner Content are subject to change without notice. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner’s research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose;

• “GDP” are to gross domestic product;

• “GDPR” are to the EU General Data Protection Regulation;

• “GMV” are to the value of confirmed orders of products and services on our marketplaces, regardless of how, or whether, the buyer and seller settle the transaction; our calculation of GMV includes shipping charges paid by buyers to sellers; as a prudential matter aimed at eliminating any influence on our GMV of potentially fraudulent transactions, we exclude from our calculation of GMV transactions in certain product categories over certain amounts and transactions by buyers in certain product categories over a certain amount per day;

• “HK$” or “Hong Kong dollars” or “HKD” are to Hong Kong dollars, the lawful currency of Hong Kong;

• “Hong Kong” or “Hong Kong S.A.R.” are to the Hong Kong Special Administrative Region of the PRC;

• “Hong Kong Listing Rules” are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

• “Hong Kong Share Registrar” are to Computershare Hong Kong Investor Services Limited;
• “Hong Kong Stock Exchange” are to The Stock Exchange of Hong Kong Limited;
• “IaaS” are to infrastructure-as-a-service;
• “ICP(s)” are to Internet content provider(s);
• “IDC” are to International Data Corporation, a research institution;
• “IoT” are to Internet of things;
• “IPO” are to initial public offering;
• “IT” are to information technology;
• “Junao” are to Hangzhou Junao Equity Investment Partnership (Limited Partnership), a limited liability partnership incorporated under the laws of the PRC;
• “Junhan” are to Hangzhou Junhan Equity Investment Partnership (Limited Partnership), a limited liability partnership incorporated under the laws of the PRC;
• “Lazada” are to Lazada South East Asia Pte. Ltd., a company incorporated under the laws of the Republic of Singapore on January 19, 2012 and our consolidated subsidiary, and, except where the context otherwise requires, its consolidated subsidiaries and affiliated consolidated entities;
• “major subsidiaries” are to the subsidiaries identified in our corporate structure chart in “Item 4. Information on the Company — C. Organizational Structure”;
• “major variable interest entities” or “major VIEs” are to the variable interest entities that account for a significant majority of total revenue and assets of the variable interest entities as a group as described in “Item 3. Key Information — The VIE Structure Adopted by Our Company — Variable Interest Entity Financial Information”;
• “Memorandum” are to our memorandum of association (as amended from time to time);
• “MIIT” are to the Ministry of Industry and Information Technology of the PRC;
• “MOF” are to the Ministry of Finance of the PRC;
• “MOFCOM” are to the Ministry of Commerce of the PRC;
• “MtCO2e” are to metric tons of carbon dioxide equivalent;
• “NDRC” are to the National Development and Reform Commission of the PRC;
• “NYSE” are to the New York Stock Exchange;
• “orders” unless the context otherwise requires, are to each confirmed order from a transaction between a buyer and a seller for products and services on the relevant platform, even if the order includes multiple items, during the specified period, whether or not the transaction is settled;
• our “wholesale marketplaces” are to 1688.com and Alibaba.com, collectively;
• “P4P” are to pay-for-performance;
• “PaaS” are to platform-as-a-service;
• “PBOC” are to the People’s Bank of China;
• “PCAOB” are to the Public Company Accounting Oversight Board;

• “PRC government” or “State” are to the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them;

• “Principal Share Registrar” are to Maples Fund Services (Cayman) Limited;

• “QuestMobile” are to QuestMobile, a research institution;

• “representative variable interest entities” or “representative VIEs” are to the variable interest entities identified in our corporate structure chart in “Item 4. Information on the Company — C. Organizational Structure”;

• “RMB” or “Renminbi” are to Renminbi, the lawful currency of the PRC;

• “RSU(s)” are to restricted share unit(s);

• “SaaS” are to software-as-a-service;

• “SAFE” are to the State Administration of Foreign Exchange of the PRC, the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable;

• “SAIC” are to State Administration for Industry and Commerce of the PRC, which has been merged into SAMR;

• “SAMR” are to the State Administration for Market Regulation of the PRC;

• “SAPA” are to a share and asset purchase agreement by and among us, Ant Group, Altaba, SoftBank and the other parties named therein, dated August 12, 2014, together with any subsequent amendments as the context requires;

• “SEC” are to the United States Securities and Exchange Commission;

• “SFC” are to the Securities and Futures Commission of Hong Kong;

• “SFO” are to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;

• “Share Split” are to the subdivision of each ordinary share into eight Shares, pursuant to which the par value of our Shares was correspondingly changed from US$0.000025 per Share to US$0.000003125 per Share, with effect from July 30, 2019; immediately after the Share Split became effective, our authorized share capital became US$100,000 divided into 32,000,000,000 Shares of par value US$0.000003125 per Share;

• “shareholder(s)” are to holder(s) of Shares and, where the context requires, ADSs;

• “Share(s)” or “ordinary share(s)” are to ordinary share(s) in our capital with par value of US$0.000003125 each;

• “SMEs” are to small and medium-sized enterprises;

• “SoftBank” are to SoftBank Group Corp. (formerly known as SoftBank Corp.), and, except where the context otherwise requires, its consolidated subsidiaries;

• “STA” are to the State Taxation Administration of the PRC;

• “Sun Art” are to Sun Art Retail Group Limited, a company incorporated under the laws of Hong Kong on December 13, 2000 with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 6808), and except where the context requires, its consolidated subsidiaries;

• “Takeovers Codes” are to Hong Kong’s Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC;
• “UK” are to the United Kingdom of Great Britain and Northern Ireland;

• “U.S.” or “United States” are to the United States of America, its territories, its possessions and all areas subject to its jurisdiction;

• “US$” or “U.S. dollars” are to the lawful currency of the United States;

• “U.S. Exchange Act” are to the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

• “U.S. GAAP” are to accounting principles generally accepted in the United States;

• “U.S. Securities Act” are to the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

• “USTR” are to the Office of the U.S. Trade Representative;

• “variable interest entities” or “VIE(s)” are to the variable interest entities that are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens, where applicable, that hold the ICP licenses, or other business operation licenses or approvals, and generally operate the various websites and/or mobile apps for our Internet businesses or other businesses in which foreign investment is restricted or prohibited, and are consolidated into our consolidated financial statements in accordance with U.S. GAAP;

• “VAT” are to value-added tax; all amounts are exclusive of VAT in this annual report except where indicated otherwise;

• “VIE structure” or “Contractual Arrangements” are to the variable interest entity structure;

• “Youku” are to Youku Tudou Inc., a company incorporated under the laws of the Cayman Islands on September 20, 2005 and our indirect wholly-owned subsidiary, and, except where the context otherwise requires, its consolidated subsidiaries and its affiliated consolidated entities, including its variable interest entities and their subsidiaries; where the context requires, Youku also refers to our online video platform under the Youku brand; and

• “Yunfeng Fund(s)” are to one or more Yunfeng investment funds established by Yunfeng Capital Limited or its affiliates, in which Jack Ma currently holds minority interest in the general partners.
Exchange Rate Information

Our reporting currency is the Renminbi. This annual report contains translations of Renminbi and Hong Kong dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise stated, all translations of Renminbi and Hong Kong dollars into U.S. dollars and from U.S. dollars into Renminbi in this annual report were made at a rate of RMB6.8676 to US$1.00 and HK$7.8499 to US$1.00, the respective exchange rates on March 31, 2023 set forth in the H.10 statistical release of the Federal Reserve Board. We make no representation that any Renminbi, Hong Kong dollar or U.S. dollar amounts referred to in this annual report could have been, or could be, converted into U.S. dollars, Renminbi or Hong Kong dollars, as the case may be, at any particular rate or at all. On July 12, 2023, the noon buying rate for Renminbi and Hong Kong dollars was RMB7.1656 to US$1.00 and HK$7.8268 to US$1.00, respectively.
FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements. These statements are made under the “safe harbor” provision under Section 21E of the U.S. Exchange Act, and as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “future,” “aim,” “estimate,” “intend,” “seek,” “plan,” “believe,” “potential,” “continue,” “ongoing,” “target,” “guidance,” “is/are likely to” or other similar expressions. The forward-looking statements included in this annual report relate to, among others:

- our new organizational and governance structure, strategic benefits of this new structure and future spin-off or capital raising plans;
- our growth strategies and business plans;
- our future business development, results of operations and financial condition;
- trends and competition in commerce, cloud computing and digital media and entertainment industries and the other industries in which we operate, both in China and globally, as well as trends in overall technology;
- our continuing investments in our businesses;
- expected changes in our revenues and certain cost and expense items and our margins;
- fluctuations in general economic and business conditions in China and globally;
- international trade policies, protectionist policies and other policies (including those relating to export control and economic or trade sanctions) that could place restrictions on economic and commercial activity;
- the regulatory environment in which we and companies integral to our ecosystem operate in China and globally;
- expected results of regulatory investigations, litigations and other proceedings;
- impacts of the COVID-19 pandemic;
- our sustainability goals; and
- assumptions underlying or related to any of the foregoing.

Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include but are not limited to the following: our corporate structure, including the VIE structure we use to operate certain businesses in the PRC; the implementation of our new organizational and governance structure and the execution of spin-off or capital raising plans of our subsidiaries; our ability to maintain the trusted status of our ecosystem; our ability to compete, innovate and maintain or grow our revenue or business, including expanding our international and cross-border businesses and operations and managing a large and complex organization; risks associated with sustained investments in our businesses; fluctuations in general economic and business conditions in China and globally; uncertainties arising from competition among countries and geopolitical tensions, including protectionist or national security policies and export control, economic or trade sanctions; risks associated with our acquisitions, investments and alliances; uncertainties and risks associated with a broad range of complex laws and regulations (including in the areas of data security and privacy protection, anti-monopoly and anti-unfair competition, content regulation, consumer protection and regulation of Internet platforms) in the PRC and globally; cybersecurity risks; impacts of the COVID-19 pandemic and assumptions underlying or related to any of the foregoing. Please also see “Item 3. Key Information — D. Risk Factors.”

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report and are based on current expectations, assumptions, estimates and projections. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we have referred to in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.
PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

The VIE Structure Adopted by Our Company

Risks Related to the VIE Structure

Alibaba Group Holding Limited is a Cayman Islands holding company. It does not directly engage in business operations itself. Due to PRC legal restrictions on foreign ownership and investment in certain industries, we, similar to all other entities with foreign-incorporated holding company structures operating in our industry in China, operate our Internet businesses and other businesses in which foreign investment is restricted or prohibited in the PRC through variable interest entities, or VIEs. The VIEs are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens, and not by our company. We and, through us, our shareholders do not own any equity interests in the VIEs. Investors in our ADSs and Shares are purchasing equity securities of a Cayman Islands holding company rather than equity securities issued by our consolidated subsidiaries and the VIEs, and investors may never hold equity interests in the VIEs under current PRC laws and regulations.

Investing in our company involves unique risks related to the VIE structure adopted by our company. In particular, if the PRC government deems that the contractual arrangements in relation to the VIEs do not comply with PRC regulations on foreign investment, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to penalties, or be forced to relinquish our interests in the operation of the VIEs, and we would no longer be able to consolidate the financial results of the VIEs in our consolidated financial statements. This would likely materially and adversely affect our business, financial results and the trading prices of our ADSs, Shares and/or other securities, including causing the trading prices of such securities to significantly decline or become worthless. Contractual arrangements in relation to VIEs have not been tested in a court of law. See “— D. Risk Factors — Risks Related to Our Corporate Structure” for more details on the risks relating to the VIE structure.
Our Corporate Structure

Like many large scale, multinational companies with businesses around the world and across industries, we conduct our business through a large number of Chinese and foreign operating entities, including VIEs. The chart below summarizes our corporate structure as of March 31, 2023 and identifies the subsidiaries and VIEs that together are representative of the major businesses operated by our group, including our significant subsidiaries, as that term is defined under Section 1-02 of Regulation S-X under the U.S. Securities Act, and other representative subsidiaries, which we collectively refer to as our major subsidiaries, as well the corresponding representative VIEs, which we refer to as the representative VIEs:

VIE Structure

The contractual relationships with the VIEs provide us the power to direct the activities of the VIEs and the obligation to absorb losses or the right to receive benefits from the VIEs, such that we are the primary beneficiary for accounting purposes.
and therefore consolidate the VIEs. As a result, we include the financial results of each of the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

The following diagram is a simplified illustration of the typical ownership structure and contractual arrangements for VIEs:

For most of the VIEs, our group uses a different structure, or the Enhanced VIE Structure. The Enhanced VIE Structure maintains the primary legal framework that we and many peer companies in our industry have adopted to operate businesses in which foreign investment is restricted or prohibited in the PRC. We may also create additional holding structures in the future.

Under the Enhanced VIE Structure, a VIE is typically held by a PRC limited liability company, instead of individuals. This PRC limited liability company is directly or indirectly owned by two PRC limited partnerships, each of which holds 50% of the equity interest. Each of these partnerships is comprised of (i) a PRC limited liability company, as general partner (which is formed by a number of selected members of the Alibaba Partnership and our management who are PRC citizens), and (ii) the same group of natural persons, as limited partners. Under the terms of the relevant partnership agreements, the natural person limited partners must be members of the Alibaba Partnership or our management who are PRC citizens and as designated by the general partner of the partnership.

For our representative VIEs, these individuals are Daniel Yong Zhang, Jessie Junfang Zheng, Xiaofeng Shao, Zeming Wu and Fang Jiang (with respect to each of Zhejiang Taobao Network Co., Ltd., Zhejiang Tmall Network Co., Ltd., Hangzhou Alibaba Advertising Co., Ltd., Hangzhou Ali Venture Capital Co., Ltd., Shanghai Rajax Information Technology Co., Ltd. and Alibaba Cloud Computing Ltd.), and Jeff Jianfeng Zhang, Winnie Jia Wen, Jie Song, Yongxin Fang and Li Cheng (with respect to Alibaba Culture Entertainment Co., Ltd.). Because Li Cheng is no longer a member of the Alibaba Partnership, we are in the process of replacing him. In addition, we are in the process of restructuring the VIEs and changing these individuals as part of our Reorganization.

Under the Enhanced VIE Structure, the designated subsidiary, on the one hand, and the corresponding VIE and the multiple layers of legal entities above the VIE, as well as the natural persons described above, on the other hand, enter into contractual arrangements, which are substantially similar to the contractual arrangements we have historically used for VIEs.
The following diagram is a simplified illustration of the typical ownership structure and contractual arrangements of the VIEs under the Enhanced VIE Structure:

(1) Selected members of the Alibaba Partnership or our management who are PRC citizens.

**Loan Agreements**

Pursuant to the relevant loan agreement, our respective subsidiary has granted a loan to the relevant VIE equity holders, which may only be used for the purpose of its business operation activities agreed by our subsidiary or the acquisition of the relevant VIE.

**Exclusive Call Option Agreements**

Under the Enhanced VIE Structure, each relevant VIE and its equity holders have jointly granted our relevant subsidiary (A) an exclusive call option to request the relevant VIE to decrease its registered capital and (B) an exclusive call option to subscribe for any increased capital of relevant VIE.
Proxy Agreements

Pursuant to the relevant proxy agreement, each of the VIE equity holders irrevocably authorizes any person designated by our subsidiary to exercise the rights of the equity holder of the VIE, including without limitation the right to vote and appoint directors.

Equity Pledge Agreements

Pursuant to the relevant equity pledge agreement, the relevant VIE equity holders have pledged all of their interests in the equity of the VIE as a continuing first priority security interest in favor of the corresponding subsidiary to secure the outstanding amounts advanced under the relevant loan agreements described above and to secure the performance of obligations by the VIE and/or its equity holders under the other structure contracts. Each subsidiary is entitled to exercise its right to dispose of the VIE equity holders’ pledged interests in the equity of the VIE and has priority in receiving payment by the application of proceeds from the auction or sale of the pledged interests, in the event of any breach or default under the loan agreement or other structure contracts, if applicable.

Exclusive Services Agreements

Under the Enhanced VIE Structure, each relevant VIE has entered into an exclusive service agreement with the respective subsidiary, pursuant to which our relevant subsidiary provides exclusive services to the VIE. In exchange, the VIE pays a service fee to our subsidiary, the amount of which shall be determined, to the extent permitted by applicable PRC laws as proposed by our subsidiary, resulting in a transfer of substantially all of the profits from the VIE to our subsidiary.

For a more detailed summary of such contractual arrangements, see “Item 4. Information on the Company — C. Organizational Structure.”

If the VIEs or their equity holders fail to perform their respective obligations under the contractual arrangements, we will have to enforce our rights under the contractual arrangements through the operations of PRC law and arbitral or judicial agencies, which may be costly and time-consuming and will be subject to uncertainties in the PRC legal system, including the uncertainty resulting from the fact that these VIE contracts have not been tested in a PRC court. Consequently, the contractual arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership. The contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration or court proceedings in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Uncertainties regarding the interpretation and enforcement of the relevant PRC laws and regulations could limit our ability to enforce the contractual arrangements. Under PRC law, if the losing parties fail to carry out the arbitration awards or court judgments within a prescribed time limit, the prevailing parties may only enforce the arbitration awards or court judgments in PRC courts, which would require additional expense and delay. In the event we are unable to enforce the contractual arrangements, we may not be able to exert effective control over the VIEs, and our ability to conduct our business, as well as our financial condition and results of operations, may be materially and adversely affected. See “—D. Risk Factors — Risks Related to Our Corporate Structure — Our contractual arrangements may not be as effective in providing control over the VIEs as direct ownership” and “—Any failure by the VIEs or their equity holders to perform their obligations under the contractual arrangements would have a material adverse effect on our business, financial condition and results of operations.”

Variable Interest Entity Financial Information

The following tables present the condensed consolidating schedule of operations and cash flows information for the fiscal years ended March 31, 2021, 2022 and 2023, and condensed consolidating schedule of balance sheet information as of March 31,2022 and 2023 for:

- Alibaba Group Holding Limited (“Parent”);
- the variable interest entities, including their subsidiaries, that together account for a significant majority of total revenue and assets of the variable interest entities as a group, which we collectively refer to as the “major variable interest entities and their subsidiaries”; and
- subsidiaries that are, for accounting purposes only, the primary beneficiaries of the major variable interest entities; and
other subsidiaries and consolidated entities, which include variable interest entities that are not major variable interest entities.

We conduct our business through a large number of subsidiaries and consolidated entities. We are presenting the condensed consolidating information for the major variable interest entities only. We believe this presentation provides a reasonably adequate basis for investors to evaluate the assets, operations and overall significance of the variable interest entities as a group, as well as the nature and amounts associated with intercompany transactions. The large number of variable interest entities not included as major variable interest entities are individually, and in the aggregate, not material for our company taken as a whole. To include them in the presentation would require tremendous time and efforts to prepare condensed consolidating schedules for them, which we do not believe would provide meaningful additional information to investors.

The amounts shown in the tables do not reconcile directly to financial information presented for the variable interest entities in our audited consolidated financial statements.

Although the variable interest entities hold licenses and approvals and assets for regulated activities that are necessary for our business operations, as well as certain equity investments in businesses, to which foreign investments are typically restricted or prohibited under applicable PRC law, we hold the significant majority of assets and operations in our subsidiaries and the significant majority of our revenue is captured directly by our subsidiaries. Therefore, our subsidiaries directly capture the significant majority of the profits and associated cash flow from operations, without having to rely on contractual arrangements to transfer cash flow from the variable interest entities to our subsidiaries.

<table>
<thead>
<tr>
<th>For the year ended March 31, 2023</th>
<th>Parent Subsidiaries and Consolidated Entities</th>
<th>Major VIEs and their Subsidiaries</th>
<th>Primary Beneficiaries of Major VIEs</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from third parties</td>
<td>—</td>
<td>709,421</td>
<td>88,121</td>
<td>—</td>
<td>868,542</td>
</tr>
<tr>
<td>Revenue from group companies</td>
<td>—</td>
<td>29,159</td>
<td>5,671</td>
<td>(170,943)</td>
<td>—</td>
</tr>
<tr>
<td>Total cost and expenses</td>
<td>(846)</td>
<td>(763,158)</td>
<td>(97,402)</td>
<td>(168,473)</td>
<td>261,543</td>
</tr>
<tr>
<td>Income from subsidiaries and VIEs</td>
<td>84,000</td>
<td>100,379</td>
<td>3,031</td>
<td>(187,410)</td>
<td>—</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>83,154</td>
<td>75,801</td>
<td>(3,610)</td>
<td>41,816</td>
<td>100,351</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>(10,645)</td>
<td>11,003</td>
<td>6,557</td>
<td>72,519</td>
<td>(170,943)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>(6,551)</td>
<td>117</td>
<td>(9,115)</td>
<td>—</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>—</td>
<td>(3,176)</td>
<td>(46)</td>
<td>(4,841)</td>
<td>(8,063)</td>
</tr>
<tr>
<td>Net income</td>
<td>72,509</td>
<td>77,077</td>
<td>3,018</td>
<td>10,558</td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>—</td>
<td>7,197</td>
<td>13</td>
<td>7,210</td>
<td></td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>—</td>
<td>(274)</td>
<td>—</td>
<td>(274)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to ordinary shareholders</td>
<td>72,509</td>
<td>84,000</td>
<td>3,031</td>
<td>10,558</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For the year ended March 31, 2022</th>
<th>Parent Subsidiaries and Consolidated Entities</th>
<th>Major VIEs and their Subsidiaries</th>
<th>Primary Beneficiaries of Major VIEs</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from third parties</td>
<td>—</td>
<td>691,997</td>
<td>87,337</td>
<td>—</td>
<td>853,334</td>
</tr>
<tr>
<td>Revenue from group companies</td>
<td>—</td>
<td>75,610</td>
<td>160,947</td>
<td>(245,042)</td>
<td></td>
</tr>
<tr>
<td>Total cost and expenses</td>
<td>(444)</td>
<td>(771,883)</td>
<td>(96,262)</td>
<td>(187,410)</td>
<td>274,179</td>
</tr>
<tr>
<td>Income from subsidiaries and VIEs</td>
<td>63,745</td>
<td>81,515</td>
<td>274</td>
<td>(150,544)</td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>63,301</td>
<td>77,239</td>
<td>(440)</td>
<td>50,945</td>
<td>(121,407)</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>(1,342)</td>
<td>(27,923)</td>
<td>5,227</td>
<td>43,087</td>
<td>(10,088)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>(15,506)</td>
<td>(258)</td>
<td>(11,051)</td>
<td>(26,815)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>—</td>
<td>15,055</td>
<td>755</td>
<td>(1,466)</td>
<td>—</td>
</tr>
<tr>
<td>Net income</td>
<td>61,959</td>
<td>48,865</td>
<td>5,284</td>
<td>81,515</td>
<td>(150,544)</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>—</td>
<td>15,170</td>
<td>—</td>
<td>15,170</td>
<td></td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>—</td>
<td>(290)</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to ordinary shareholders</td>
<td>61,959</td>
<td>63,745</td>
<td>5,284</td>
<td>(150,544)</td>
<td>61,959</td>
</tr>
</tbody>
</table>
Note:

(1) These include technical service fee incurred by major VIEs and their subsidiaries for exclusive technical service provided by primary beneficiaries of major VIEs to major VIEs and their subsidiaries in the amounts of RMB18,698 million, RMB 17,225 million and RMB15,445 million (US$2,249 million) for the years ended March 31, 2021, 2022 and 2023, respectively.

### For the year ended March 31, 2021

<table>
<thead>
<tr>
<th>Parent and Consolidated Entities</th>
<th>Major VIEs and their Subsidiaries</th>
<th>Primary Beneficiaries of Major VIEs</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Revenue from third parties</td>
<td>563,077</td>
<td>71,455</td>
<td>82,757</td>
<td>717,289</td>
</tr>
<tr>
<td>Revenue from group companies</td>
<td>85,667</td>
<td>10,854</td>
<td>165,263</td>
<td>(261,784)</td>
</tr>
<tr>
<td>Total cost and expenses</td>
<td>(614) (658,139)</td>
<td>(83,164)</td>
<td>(178,855)</td>
<td>(293,161)</td>
</tr>
<tr>
<td>Income from subsidiaries and VIEs</td>
<td>150,515</td>
<td>107,740</td>
<td>3,362</td>
<td>(261,617)</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>149,901</td>
<td>98,345</td>
<td>72,527</td>
<td>(230,240)</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>407</td>
<td>5,940</td>
<td>53,553</td>
<td>(31,377)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>(16,959)</td>
<td>(11,070)</td>
<td>(29,278)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>—</td>
<td>(7,197)</td>
<td>—</td>
<td>6,984</td>
</tr>
<tr>
<td>Net income</td>
<td>150,308</td>
<td>143,588</td>
<td>107,740</td>
<td>(261,617)</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>7,197</td>
<td>97</td>
<td>—</td>
<td>7,294</td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>—</td>
<td>(270)</td>
<td>—</td>
<td>(270)</td>
</tr>
<tr>
<td>Net income attributable to ordinary shareholders</td>
<td>150,308</td>
<td>150,515</td>
<td>3,362</td>
<td>107,740</td>
</tr>
</tbody>
</table>

### For the year ended March 31, 2023

<table>
<thead>
<tr>
<th>Parent and Consolidated Entities</th>
<th>Major VIEs and their Subsidiaries</th>
<th>Primary Beneficiaries of Major VIEs</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>71,885 (1)</td>
<td>154,186</td>
<td>3,622</td>
<td>196,309</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(12,290) (1)</td>
<td>(87,248)</td>
<td>(2,003) (2)</td>
<td>(100,132)</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>(59,439) (3)</td>
<td>(83,590)</td>
<td>1,766 (2)</td>
<td>(84,439)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables</td>
<td>33</td>
<td>3,495</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>Increase (Decrease) in cash and cash equivalents, restricted cash and escrow receivables</td>
<td>189</td>
<td>(13,157)</td>
<td>3,387</td>
<td>11,738</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at the beginning of the year</td>
<td>387</td>
<td>175,866</td>
<td>4,537</td>
<td>46,563</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at the end of the year</td>
<td>576</td>
<td>162,709</td>
<td>7,924</td>
<td>58,301</td>
</tr>
</tbody>
</table>

Notes:

(1) For the year ended March 31, 2023, the cash transfer from the parent to our subsidiaries amounting to RMB32,025 million (US$4,663 million), of which RMB31,088 million (US$4,527 million) and RMB937 million (US$136 million) were included in the parent’s net cash used in investing activities and financing activities, respectively.

For the year ended March 31, 2023, the cash transfer from our subsidiaries to the parent amounting to RMB112,153 million (US$16,331 million), of which RMB75,355 million (US$10,973 million), RMB20,565 million (US$2,994 million) and RMB16,233 million (US$2,364 million) were included in the parent’s net cash provided by operating activities, net cash used in investing activities and financing activities, respectively.

(2) For the year ended March 31, 2023, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB21,283 million (US$3,099 million), of which RMB11,858 million (US$1,727 million) and RMB9,425 million (US$1,372 million) were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2023, the cash transfer from the major VIEs and their subsidiaries to our subsidiaries and consolidated entities amounting to RMB14,172 million (US$2,064 million), of which RMB6,513 million (US$949 million) and RMB7,659 million (US$1,115 million) were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

(3) See “— Holding Company Structure and Cash Flows through Our Company” for nature of cash transfers mentioned above.
For the year ended March 31, 2022

<table>
<thead>
<tr>
<th>Parent</th>
<th>Other Subsidiaries and Consolidated Entities</th>
<th>Major VIEs and their Subsidiaries</th>
<th>Primary Beneficiaries of Major VIEs</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(4,739)</td>
<td>219,750</td>
<td>18,811</td>
<td>21,498</td>
<td>(112,561)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(20,188)</td>
<td>(235,528)</td>
<td>(15,672)</td>
<td>(32,365)</td>
<td>105,161</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>24,920</td>
<td>(51,502)</td>
<td>(9,099)</td>
<td>(36,168)</td>
<td>7,400</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables</td>
<td>(36)</td>
<td>(8,798)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents, restricted cash and escrow receivables</td>
<td>(43)</td>
<td>(76,078)</td>
<td>(5,960)</td>
<td>(47,035)</td>
<td>—</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at the beginning of the year</td>
<td>430</td>
<td>251,944</td>
<td>10,497</td>
<td>93,598</td>
<td>—</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at the end of the year</td>
<td>387</td>
<td>175,866</td>
<td>4,537</td>
<td>46,563</td>
<td>—</td>
</tr>
</tbody>
</table>

Notes:

(1) For the year ended March 31, 2022, the cash transfer from the parent to our subsidiaries amounting to RMB20,188 million was included in the parent’s net cash used in investing activities.

For the year ended March 31, 2022, the cash transfer from our subsidiaries to the parent amounting to RMB95,621 million was included in the parent’s net cash provided by financing activities.

(2) For the year ended March 31, 2022, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB24,404 million, of which RMB11,774 million and RMB12,630 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and financing activities, respectively.

For the year ended March 31, 2022, the cash transfer from the major VIEs and their subsidiaries to our subsidiaries and consolidated entities amounting to RMB70,623 million was included in the parent’s net cash used in activities.

For the year ended March 31, 2022, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB5,575 million, of which RMB682 million and RMB4,893 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from the parent to our subsidiaries amounting to RMB70,623 million was included in the parent’s net cash used in activities.

For the year ended March 31, 2021, the cash transfer from our subsidiaries to the parent amounting to RMB43,078 million, of which RMB37,918 million and RMB5,160 million were included in the parent’s net cash provided by operating activities and financing activities, respectively.

(2) For the year ended March 31, 2021, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB20,865 million, of which RMB175 million and RMB20,690 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from the major VIEs and their subsidiaries to our subsidiaries and consolidated entities amounting to RMB5,318 million, of which RMB801 million and RMB4,517 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB12,630 million, of which RMB103 million and RMB11,527 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from the parent to our subsidiaries amounting to RMB70,623 million was included in the parent’s net cash used in activities.

Notes:

(1) For the year ended March 31, 2021, the cash transfer from the parent to our subsidiaries amounting to RMB20,188 million was included in the parent’s net cash used in investing activities.

For the year ended March 31, 2021, the cash transfer from our subsidiaries to the parent amounting to RMB95,621 million was included in the parent’s net cash provided by financing activities.

(2) For the year ended March 31, 2021, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB24,404 million, of which RMB11,774 million and RMB12,630 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from the major VIEs and their subsidiaries to our subsidiaries and consolidated entities amounting to RMB70,623 million was included in the parent’s net cash used in activities.

For the year ended March 31, 2021, the cash transfer from our subsidiaries and consolidated entities to the major VIEs and their subsidiaries amounting to RMB5,575 million, of which RMB682 million and RMB4,893 million were included in the major VIEs and their subsidiaries’ net cash used in investing activities and net cash provided by financing activities, respectively.

For the year ended March 31, 2021, the cash transfer from the parent to our subsidiaries amounting to RMB70,623 million was included in the parent’s net cash used in activities.
We face various legal and operational risks and uncertainties as a company based in and primarily operating in China. Most of our operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. Because PRC laws, rules and regulations are relatively new and quickly evolving, and because of the limited number of published decisions and the non-precedential nature of these decisions, and because the laws, rules and regulations often give the relevant regulator certain discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. Therefore, it is possible that our existing operations may be found not to be in full compliance with relevant laws and regulations in the future. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. See “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the
interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us.”

The PRC government has significant oversight and discretion over the conduct of our business, and may intervene in or influence our operations through adopting and enforcing rules and regulatory requirements. For example, in recent years the PRC government, has enhanced regulation in areas such as anti-monopoly, anti-unfair competition, cybersecurity and data privacy. See “— D. Risk Factors — Risks Related to Our Business and Industry — We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities”; “— Claims or regulatory actions under competition laws against us may result in our being subject to fines, constraints on our business and damage to our reputation”; “— PRC regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions and subject us to fines or other administrative penalties”; and “— Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection, which are subject to change and uncertain interpretation. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.” The Chinese government may further promulgate relevant laws, rules and regulations that may impose additional and significant obligations and liabilities on Chinese companies. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, change to our data and other business practices, regulatory investigations, penalties, increased cost of operations, or declines in user growth or engagement, or otherwise affect our business. As a result, the trading prices of our ADSs and Shares could significantly decline or become worthless.

In addition, the PRC government has enhanced its regulatory oversight of Chinese companies listing overseas, including enhanced oversight of overseas equity financing and listing by Chinese companies. Such new regulatory requirements could significantly limit or completely hinder our ability and the ability of our subsidiaries to obtain external financing through the issuance of equity securities overseas and cause the value of our securities, including our ADSs and Shares, to significantly decline or become worthless. See “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us”; and “— Risks Related to Our Business and Industry — We may need additional capital but may not be able to obtain it on favorable terms or at all.”

**Permissions and Approvals Required to be Obtained from PRC Authorities for our Business Operations**

In the opinion of Fangda Partners, our PRC legal counsel, our consolidated subsidiaries and the VIEs in China have obtained all major licenses, permissions and approvals from the competent PRC authorities that are necessary to the operations of our China commerce and cloud businesses, which accounted for a significant majority of our revenue in fiscal year 2023. In addition, we have implemented policies and control procedures to obtain and maintain the necessary licenses, permission and approvals to conduct our businesses. On the basis of the legal opinion issued by our PRC legal counsel and our internal policies and procedures, we believe that our consolidated subsidiaries and the VIEs in China have received the requisite licenses, permissions and approvals from the PRC authorities as are necessary for our business operations in China. Such licenses, permits, registrations and filings include, among others, Value-added Telecommunication License, License for Online Transmission of Audio-Visual Programs, Network Cultural Business License, Online Publishing Service License and License for Surveying and Mapping.

If we, our consolidated subsidiaries or the VIEs in China (i) do not maintain such permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change, and we or the VIEs are required to obtain such permissions or approvals in the future, we may be unable to obtain such necessary approvals, permits, registrations or filings in a timely manner, or at all, and such approvals, permits, registrations or filings may be rescinded even if obtained. Any such circumstance may subject us to fines and other regulatory, civil or criminal liabilities, and we may be ordered by the competent PRC authorities to suspend relevant operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Please see “— D. Risk Factors — Risks Related to Our Business and Industry — We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities.”
Furthermore, if the PRC government determines that the contractual arrangements constituting part of the VIE structure adopted by us do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, our securities may decline in value or become worthless if the determinations, changes, or interpretations result in our inability to assert contractual control over the assets of our consolidated subsidiaries and the VIEs in China that conduct a significant portion of our business operations. In addition, there are substantial uncertainties as to whether the VIE structure adopted by us may be deemed as a method of foreign investment in the future. If the VIE structure adopted by us were to be deemed as a method of foreign investment under any future laws, regulations and rules, and if any of our business operations were to fall under the “Negative List” for foreign investment, we would need to take further actions in order to comply with these laws, regulations and rules, which may materially and adversely affect our current corporate structure, business, financial condition and results of operations. See “— D. Risk Factors — Risks Related to Our Corporate Structure — Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its implementing rules and other regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations.”

Given the uncertainties relating to the interpretation and enforcement of PRC laws, rules and regulations, it is possible that our existing operations may be found not to be in full compliance with relevant laws and regulations in the future. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. For more detailed information, see “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us.”

Permissions and Approvals Required to be Obtained from PRC Authorities for our Securities Offerings

The PRC government has enhanced its regulatory oversight of Chinese companies listing overseas. In connection with our prior securities offerings and overseas listings, under PRC laws and regulations in effect as of the date of this annual report, after consulting our PRC legal counsel, Fangda Partners, we are not aware of any PRC laws or regulations which explicitly require us to obtain any permission from the CSRC or other Chinese authorities, and we, our consolidated subsidiaries and the VIEs in China (i) have not been required to obtain any permission from or complete any filing with any PRC authority, (ii) have not been required to go through a cybersecurity review by the Cyberspace Administration of China, and (iii) have not received or were denied such requisite permissions by any PRC authority. There are uncertainties with respect to how PRC authorities will regulate overseas securities offerings and overseas listings in general, as well as the interpretation and implementation of any related regulations. Although we intend to fully comply with the then effective relevant laws and regulations applicable to any securities offerings we may conduct, there are uncertainties with respect to whether we will be able to fully comply with requirements to obtain any permissions and approvals from, or complete any reporting or filing procedures with, PRC authorities that may be in effect in the future. If we, our consolidated subsidiaries or the VIEs in China (i) do not maintain such permissions or approvals, (ii) inadvertently conclude that such permissions, approvals or filing or reporting are not required, or (iii) applicable laws, regulations, or interpretations change, and we or the VIEs are required to obtain such permissions, approvals or filing or reporting in the future, we may be unable to obtain such necessary approvals, permits, registrations or filings in a timely manner, or at all, and such approvals, permits, registrations or filings may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our and our subsidiaries' ability to offer securities to investors and cause our securities to decline in value or become worthless. For more detailed information, see “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us” and “— Risks Related to Our Business and Industry — We may need additional capital but may not be able to obtain it on favorable terms or at all.”

Holding Foreign Companies Accountable Act

In recent years, U.S. regulators have continued to express concerns about challenges in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. More recently, as part of increased regulatory focus in the United States on access to audit information, the United States originally enacted the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, in December 2020. The HFCA Act includes requirements for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in the auditor’s local jurisdiction. In addition, if the auditor of a U.S. listed company is not subject to PCAOB inspections for three consecutive “non-inspection” years after the law becomes
effective, the SEC is required to prohibit the securities of such issuer from being traded on a U.S. national securities exchange, such as the NYSE, or in U.S. over-the-counter markets. On December 29, 2022, the United States enacted the Consolidated Appropriations Act, 2023, which amended the HFCA Act to require the SEC to prohibit an issuer's securities from trading in the United States if its auditor is not subject to PCAOB inspections for two consecutive “non-inspection” years instead of three.

On December 16, 2021, the PCAOB issued its report notifying the SEC of its determination that it was unable to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland or Hong Kong, including our independent registered public accounting firm, PricewaterhouseCoopers. On August 22, 2022, the SEC added us to its conclusive list of issuers identified under the HFCA Act, following the filing of our annual report on Form 20-F with the SEC on July 26, 2022. On August 26, 2022, the PCAOB signed a Statement of Protocol, or the PCAOB Statement of Protocol, with the CSRC and the MOF, taking the first step toward opening access for the PCAOB to inspect and investigate completely registered public accounting firms headquartered in Chinese mainland and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in 2022. The PCAOB vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland and Hong Kong. For this reason, we do not expect to be identified as a Commission-Identified Issuer following the filing of this annual report. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in the future is subject to uncertainty and depends on a number of factors out of our, and our auditor’s, control, including the uncertainties surrounding the relationship between China and the United States. If the PCAOB is unable to continue to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland or Hong Kong, including our independent registered public accounting firm, for two consecutive years, our securities (including our ADSs and Shares) may be prohibited from trading on or delisted from the NYSE or other U.S. stock exchange under the HFCA Act.

Delisting of our ADSs would force our U.S.-based shareholders to sell their ADSs or convert them into Shares listed in Hong Kong. Although we are listed in Hong Kong, investors may face difficulties in migrating their underlying ordinary shares to Hong Kong, or may have to incur increased costs or suffer losses in order to do so. The market prices of our ADSs and/or other securities could be adversely affected as a result of anticipated negative impacts of the HFCA Act upon, as well as negative investor sentiment towards, China-based companies listed in the United States, regardless of our actual operating performance. See “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements, and the inability of the PCAOB to conduct inspections over our auditor in the future may deprive our investors of the benefits of such inspections” and “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China.”

**Holding Company Structure and Cash Flows through Our Company**

We are a holding company with no operation other than ownership of operating subsidiaries in Chinese mainland, Hong Kong S.A.R., and elsewhere that own and operate our marketplaces and other businesses as well as a portfolio of intellectual property rights. As a result, we rely on dividends and other distributions paid by our operating subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distribution to our shareholders, fund inter-company loans, service outstanding debts and pay our expenses. If our operating subsidiaries incur additional debt on their own, the instruments governing the debt may restrict the ability of our operating subsidiaries to pay dividends or make other distributions or remittances, including loans, to us.

Our holding company structure differs from some of our peers in that, although the variable interest entities hold licenses and approvals and assets for regulated activities that are necessary for our business operations, as well as certain equity interests in businesses, to which foreign investments are typically restricted or prohibited under applicable PRC law, we hold the significant majority of assets and operations in our subsidiaries and the significant majority of our revenue is captured directly by our subsidiaries. Therefore, our subsidiaries directly capture the significant majority of profits and associated cash flow from operations, without having to rely on contractual arrangements to transfer cash flow from the variable interest entities to our subsidiaries. In fiscal years 2021, 2022 and 2023, the significant majority of our revenues were generated by our subsidiaries. See “Item 4. Information on the Company — C. Organizational Structure” for a description of these contractual arrangements and the structure of our company. Also see “— The VIE Structure Adopted by Our Company —
Variable Interest Entity Financial Information” for further financial information of Alibaba Group Holding Limited, the major variable interest entities and their subsidiaries, our subsidiaries that are, for accounting purposes only, the primary beneficiaries of the major variable interest entities, and other subsidiaries and consolidated entities.

Investors in our securities, including our ADSs, Shares and notes, should note that, to the extent cash or assets in our business is in the PRC or a PRC entity, the funds or assets may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries, or the VIEs by the PRC government to transfer cash or assets. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Applicable PRC law permits payment of dividends to us by our operating subsidiaries in China only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Our operating subsidiaries in China are also required to set aside a portion of their net income, if any, each year to fund general reserves for appropriations until this reserve has reached 50% of the related subsidiary’s registered capital. These reserves are not distributable as cash dividends. In addition, registered share capital and capital reserve accounts are also restricted from distribution. As of March 31, 2023, these restricted net assets totaled RMB194.6 billion (US$28.3 billion). See note 23 to our audited consolidated financial statements included in this annual report. Also see “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — We rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries in China.” Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to certain restrictions on currency exchange or outbound capital flows. See “— D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — Restrictions on currency exchange or outbound capital flows may limit our ability to utilize our PRC revenue effectively.”

Under the PRC Enterprise Income Tax Law, a withholding tax of 5% to 10% is generally levied on dividends declared by companies in China to their non-resident enterprise investors. As of March 31, 2023, we have accrued the withholding tax on substantially all of the earnings distributable by our subsidiaries in China, except for those being reserved for permanent reinvestment in China of RMB233.6 billion (US$34.0 billion). See “Item 5. Operating and Financial Review and Prospects — Components of Results of Operations — Taxation — PRC Withholding Tax.”

We do not have specific cash management policies in place that dictate how funds are transferred between Alibaba Group Holding Limited, our subsidiaries, the VIEs or our investors. However, we have implemented procedures and control mechanisms to manage the transfer of funds within our organization to support our business needs and in compliance with applicable laws and regulations.

For the years ended March 31, 2021, 2022 and 2023, Alibaba Group Holding Limited provided capital contributions and loans, and repaid loans, in the aggregate amounts of RMB70,623 million, RMB20,188 million and RMB32,025 million (US$4,663 million), respectively, to our subsidiaries, and our subsidiaries provided dividends and loans, and repaid loans, in the aggregate amounts of RMB43,078 million, RMB95,621 million and RMB112,153 million (US$16,331 million), respectively, to Alibaba Group Holding Limited.

For the years ended March 31, 2021, 2022 and 2023, our subsidiaries and consolidated entities provided loans and repaid loans, in the aggregate amounts of RMB20,865 million, RMB2,539 million and RMB21,283 million (US$3,099 million) to the major VIEs and their subsidiaries, and the major VIEs and their subsidiaries provided loans and paid technical service fees to our subsidiaries and consolidated entities in the aggregate amounts of RMB5,575 million, RMB24,404 million and RMB14,172 million (US$2,064 million), respectively. See “— The VIE Structure Adopted by Our Company — Variable Interest Entity Financial Information” for classification of cashflow detailed in footnotes to the condensed consolidating schedule. We have settled and will continue to settle fees under the contractual arrangements with the variable interest entities. For a condensed consolidating schedule of financial information that disaggregates the operations and depicts the financial position, cash flows, and results of operations for the same periods for which audited consolidated financial statements are required, see “— The VIE Structure Adopted by Our Company —Variable Interest Entity Financial Information.” Please also see the consolidated financial statements included in this annual report for more financial information.

We have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy.” For PRC and United States federal income tax considerations of an investment in our ADSs, see “Item 10. Additional Information — E. Taxation.”
B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Summary of Risk Factors

Investing in our company may involve significant risks. Alibaba Group Holding Limited is a Cayman Islands holding company. It does not directly engage in business operations itself. Due to PRC legal restrictions on foreign ownership and investment in certain industries, we, similar to all other entities with foreign-incorporated holding company structures operating in our industry in China, operate through VIEs our Internet businesses and other businesses in which foreign investment is restricted or prohibited in the PRC. The VIEs are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens, and not by our company. We have entered into certain contractual arrangements which collectively enable us to exercise effective control over the VIEs and realize substantially all of the economic risks and benefits arising from the VIEs. As a result, we include the financial results of each of the VIEs in our consolidated financial statements in accordance with U.S. GAAP. Investors in our ADSs and Shares are purchasing equity securities of a Cayman Islands holding company rather than equity securities issued by our consolidated subsidiaries and the VIEs. See “Item 4. Information on the Company — C. Organizational Structure” for more details. See “— Risks Related to Our Corporate Structure” for risks involving the VIE structure.

In addition, we face various legal and operational risks and uncertainties as a company based in and primarily operating in China. The PRC government has significant authority to oversee and regulate the business operations of a China-based company like us, including overseas listing and overseas fundraisings. See “— Risks Related to Doing Business in the People’s Republic of China.”

A summary of the risk factors is set forth below, you should read this summary together with the detail risk factors set forth in this annual report.

Risks and uncertainties related to our business and industry include risks and uncertainties associated with the following:

- our ability to achieve the intended benefits of our reorganization into a holding company structure;
- our ability to maintain the trusted status of our ecosystem, and to maintain and improve the network effects of our ecosystems;
- our ability to maintain or grow our revenue or our business, as well as the impact of sustained investment in our business on our margins and net income;
- our ability to compete effectively and continue to innovate and adapt to changes in our industry;
- our ability to manage the significant management, operational and financial challenges in growing our business and operations, and our ability to maintain our culture;
- economic slowdowns, geopolitical tensions and the impact of widespread health epidemics or natural disasters;
- international trade or investment policies, barriers to trade or investment and geopolitical conflicts, as well as export control, economic or trade sanctions and the trend towards trade and technology “de-coupling”;
- reputational and other risks due to business dealings by, or connections of, merchants or consumers on our marketplaces with sanctioned countries or persons;
- risks relating to our acquisitions, investments and alliances, as well as regulatory approval and review requirements for acquisitions;
- challenges in expanding our international and cross-border businesses and operations;
- epidemic or natural disasters;
• risks arising from the broad range of evolving laws and regulations that affect our business, including but not limited to, regulations of digital platforms and regulations regarding privacy and data protection, competition laws, content regulations, consumer protection laws;
• alleged pirated, counterfeit or illegal items or content, allegations of infringements of intellectual property rights, and our ability to protect our intellectual property rights;
• security breaches and cyberattacks;
• material litigation and regulatory proceedings;
• our ability to maintain or improve our technology infrastructure, risks relating to the performance, reliability and security of the Internet infrastructure and the effect of network interruptions;
• risks relating to Ant Group and Alipay, including our reliance on Alipay to conduct substantially all of the payment processing and all of the escrow services on our marketplaces and our potential conflicts of interests with them;
• risks relating to third-party service providers and ecosystem participants, and the quality of logistics services provided by logistics service providers and Cainiao;
• our ability to attract, motivate and retain our staff, including key management and experience and capable personnel;
• fraudulent or illegal activities by our employees, business partners and service providers, and the effect of any fraud perpetuated and fictitious transactions conducted in our ecosystem;
• tax compliance efforts that may affect our merchants;
• effects of public scrutiny, or aggressive marketing and communication strategies of our competitors;
• quarter-to-quarter fluctuations of our results of operations;
• our ability to comply with the terms of our indebtedness and to raise additional capital, as well as interest rate risks; and
• the potential insufficiency of insurance coverage.

Risks and uncertainties related to our corporate structure that may arise from the following:
• our shareholders’ limited ability to nominate and elect directors;
• differences between the interests of the Alibaba Partnership and our shareholders;
• anti-takeover provisions in our Articles of Association;
• our shareholders do not hold equity securities of our subsidiaries and the VIEs that have substantive business operations in China; and
• risks and uncertainties relating to the VIE structure, including regulatory risks and uncertainties; limitations of contractual arrangements in providing control over the VIEs; potential failure by the VIEs or their equity holders to perform their obligations; potential loss of the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the VIEs; potential conflicts of interests between us and the equity holders, directors and executive officers of the VIEs; as well as potential scrutiny of the contractual arrangements with the VIEs by the PRC tax authority.

Risks and uncertainties related to doing business in the PRC include risks and uncertainties associated with the following:
• changes and developments in the political and economic policies of the PRC government, including but not limited to that the PRC government may intervene in or influence our operations through adopting and enforcing rules and regulatory requirements, which may evolve quickly with little advance notice (see “— Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us” on page 55 of this annual report);
• uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, including but not limited to actions the PRC government may take to exert more oversight and control over offerings that are
conducted overseas and/or foreign investment in China-based issuers, which could significantly limit or completely hinder our and our subsidiaries’ ability to offer securities to investors and cause our securities to decline in value or become worthless (see “— Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us” on page 55 of this annual report);

- PCAOB’s ability to inspect our auditor in relation to their audit work performed for our financial statements and potential delisting of our ADSs from the U.S. pursuant to the HFCA Act (see “— Risks Related to Doing Business in the People’s Republic of China — The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements, and the inability of the PCAOB to conduct inspections over our auditor in the future may deprive our investors of the benefits of such inspections” and “— Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China” on page 55 through 56 and page 56 through 57 of this annual report);

- PRC regulations relating to investments in offshore companies and employee equity incentive plans (see “— Risks Related to Doing Business in the People’s Republic of China — PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits” and “— Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the PRC participants in the plans, us or our overseas and PRC subsidiaries to fines and other legal or administrative sanctions” on page 57 and page 57 through 58 of this annual report);

- our reliance on dividends, loans and other distributions on equity paid by our operating subsidiaries in China, the risk that interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries, or the VIEs by the PRC government to transfer cash or assets that are in a business in the PRC or in a PRC entity may limit our ability to fund operations or for other use outside of the PRC and fluctuations in exchange rates (see “— Risks Related to Doing Business in the People’s Republic of China — We rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries in China” on page 58 of this annual report);

- the potential impact of PRC laws and regulations related to Internet advertisement (see “— Risks Related to Doing Business in the People’s Republic of China — P4P services are considered, in part, to involve Internet advertisement, which subjects us to other laws, rules and regulations as well as additional obligations” on page 58 through 59 of this annual report);

- the possibility that we may be subject to PRC income tax on our global income, and potential discontinuation of preferential tax treatments we currently enjoy (see “— Risks Related to Doing Business in the People’s Republic of China — We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income” on page 59 of this annual report);

- the possibility that dividends payable to foreign investors and gains on the sale of our securities by our foreign investors may become subject to PRC taxation, and uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company (see “— Risks Related to Doing Business in the People’s Republic of China — Dividends payable to foreign investors and gains on the sale of our ADSs and/or ordinary shares by our foreign investors may become subject to PRC taxation” on page 59 of this annual report); and

- risks relating to the approval, filing or other requirements of PRC regulatory authorities in connection with future issuance of securities overseas (see “— Risks Related to Doing Business in the People’s Republic of China — The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing” on page 61 through 62 of this annual report).

Risks related to our ADSs and Shares include risks and uncertainties associated with the following:

- volatilities in the trading prices of our securities, the substantial future sales or perceived potential sales of our securities, and the sustainability of active trading markets for our securities;
• different characteristics of the capital markets in Hong Kong and the U.S., and the possibility of a public offering and listing of our equity securities in Shanghai or Shenzhen;
• the limited ability of our shareholders and U.S. authorities to bring actions against us;
• our exemptions from certain NYSE corporate governance standards and certain disclosure requirements, as well as our different practices as to certain matters compared with many other companies listed in Hong Kong;
• potential limitations on the ability of ADS holders to vote, transfer ADSs and receive distributions on our ordinary shares, and our discretionary proxy from the depositary of our ADSs;
• the exchange between our Shares and our ADSs that may affect liquidity and/or trading prices of our securities and cause delays;
• the possibility that we may be or may become a passive foreign investment company; and
• uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

We discuss the various risks and uncertainties we are subject to in detail below.

Risks Related to Our Business and Industry

We may not achieve the intended benefits of our reorganization into a holding company structure.

We are in the process of implementing a new organizational and governance structure, under which we are the holding company of six major business groups and various other businesses, with each business operating with a high degree of independence, or the Reorganization. As part of our Reorganization, we are conducting a full spin-off of our cloud business and certain of our subsidiaries are pursuing IPOs or otherwise raising external capital. We believe our new organizational and governance structure will unlock the value of our various businesses by empowering them to become more agile, enhance decision making, enable faster responses to market changes and promote innovation to capture opportunities. However, the timing and implementation details of our new organizational and governance structure, the proposed spin-off of our cloud business, the proposed fundraisings or IPOs by our subsidiaries and whether the new structure will in fact yield the expected strategic benefits are subject to uncertainties and various factors, many of which may be out of our control, including without limitations, successful restructuring of assets, liabilities and contracts, implementation of equity incentive plans, market conditions and regulatory reviews and approvals. We cannot assure you that the expected benefits of our Reorganization will be reflected in the price of our securities. Moreover, our Reorganization could have a material adverse effect on our business, financial condition, results of operations and prospects. We are dedicating significant time, resources and efforts into establishing the new organizational and governance structure and may incur substantial costs as a result. These efforts may divert our management’s attention away from our day-to-day operations and may be disruptive to our business. As our businesses operate more independently, the network effect, synergies and economic of scale among our businesses may also be negatively affected.

Maintaining the trusted status of our ecosystem is critical to our success and growth, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

We have established a strong brand name and reputation for our ecosystem. Any loss of trust in our ecosystem or platforms could harm our reputation and the value of our brand, and could result in consumers, merchants, brands, retailers and other participants reducing their levels of activity in our ecosystem, which could materially reduce our revenue and profitability. Our ability to maintain trust in our ecosystem and platforms is based in large part upon:

• the quality, value and functionality of products and services as well as the quality and appeal of content available through our ecosystem;
• the reliability and integrity of our company and our platforms, as well as of the merchants, software developers, logistics providers, service providers and other participants in our ecosystem;
• our commitment to high levels of service;
• the safety, security and integrity of the data on our systems, and those of other participants in our ecosystem;
• the manner in which we and other participants in our ecosystem collect, store and use consumer data, and changes in the related regulations and consumer expectations;
• the effectiveness and fairness of rules governing our marketplaces, various platforms and overall ecosystem;
• the strength of our measures to protect consumers and intellectual property rights owners; and
• our ability to provide reliable and trusted payment and escrow services through our arrangements with Alipay.

As our businesses operate more independently following the Reorganization, failure by any of our businesses to establish and maintain its own trusted brand could also harm the value of our brand name and reputation of our ecosystem.

**We may not be able to maintain or grow our revenue or our business.**

The ability of our businesses to grow their revenue depends on a number of factors, including the number and engagement of consumers on their platforms, the value that they are able to offer to their customers, including merchants, brands, retailers and other businesses, and their consumer insight and technology capabilities and infrastructure. See “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Factors Affecting Our Results of Operations — Our Ability to Create Value for Our Users and Generate Revenue.” Revenue growth is also affected by competition and other factors that may not be within our control, including the macroeconomic environment, inflation, disruptions to the economy and business operations from pandemics, natural disasters, armed conflicts or other events, as well as the geopolitical landscape and government policies. Furthermore, due to the size and scale we have achieved, our user base and our businesses may not continue to grow as quickly or at all.

We are exploring and will continue to explore in the future new business initiatives, including in industries and markets in which we have limited or no experience, as well as new business models, that may be untested. Developing new businesses, initiatives and models requires significant investments of time and resources, and may increase our costs and present new and difficult technological and operational challenges. We may encounter difficulties or setbacks in the execution of various growth strategies and our growth strategies may not generate the returns we expect within the timeframe we anticipate, or at all.

Growing our existing and new businesses also involves risks and challenges. For example, as we continue to grow our direct sales and local consumer services businesses, we face new and increased risks. These risks include those relating to inventory procurement and management, such as failure to stock sufficient inventory to meet demands or additional costs or write-offs resulting from overstocking, supply chain management, relationships with suppliers, accounts receivable and related potential impairment charges, potential labor disputes, worker safety, minimum wage and social insurance requirements, including offering minimum wage and providing social insurance for delivery workers. Our cloud business also faces technology challenges and challenges related to data center capacity, data and systems security, service disruptions, delays, failures or other service quality issues. Growing our business also subjects us to new and heightened regulatory requirements and increased liabilities. For example, as operators of direct sales businesses, we are subject to additional regulatory requirements, including those relating to consumer protection, customs and permits and licenses, and allegations of unfair business practices, such as alleged favorable treatment of our own services and products, including those offered by our direct sales business and cloud business, over third-party services and products on our platforms. Failure to adequately address these and other risks and challenges relating to our direct sales business may harm our relationship with suppliers, consumers, merchants and other service providers on our platforms, adversely affect our business and results of operations and subject us to regulatory scrutiny or liabilities. In addition, many of our businesses, such as livestreaming and marketing services provided by Alimama, may face quickly evolving regulations and increasing compliance risks in a wide range of areas, including platform liability, content, data security, consumer protection and taxation, which may lead to regulatory investigations, penalties and liabilities that may materially and adversely affect our business operations and share price. These additional costs and risks may materially and adversely affect our business and financial condition, subject us to regulatory scrutiny and liabilities, damage our reputation, and negatively affect the price of our ADSs, Shares and/or other securities.

**If we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected.**

Our businesses face increasingly intense competition in different industries, principally from established Chinese Internet companies and their respective affiliates, global and regional e-commerce players, cloud computing service providers, logistics service providers and digital media and entertainment providers. These areas of our business are subject to rapid market change, the introduction of new business models, and the entry of new and well-funded competitors. Increased
investments made and lower prices offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive or to give up business opportunities to maintain our profitability, and ultimately may reduce our market share and negatively impact the revenue and profitability of our business. See also “Item 4. Information on the Company — B. Business Overview — Competition.”

Our ability to compete depends on a number of other factors as well, some of which may be beyond our control, including alliances, acquisitions or consolidations within our industries that may result in stronger competitors, technological advances, shifts in customer preferences and changes in the regulatory environment in the markets we operate. Existing and new competitors may leverage their experience, client relationships or resources in ways that could affect our competitive position, including by making acquisitions, continuing to invest heavily in research and development and in talent, introducing innovative business models or technologies, and launching highly engaging content, products or services to attract a large user base and achieve rapid growth, which may make it more challenging for us to acquire new customers and materially and adversely affect our business expansion and results of operations.

In addition, if international players gain greater access to the China market, certain of our businesses, such as our cloud business and digital media and entertainment business, could be subject to greater competition and pricing pressure, which could reduce our margins or otherwise negatively affect our results of operations. As we acquire new businesses and expand into new industries and sectors, we face competition from major players in these industries and sectors. Moreover, as we continue to expand into markets outside of China, we increasingly face competition from domestic and international players operating in these markets, as well as potential geopolitical tensions, regulatory challenges and protectionist policies that may support domestic players in those markets.

If we are not able to compete effectively, the level of economic activity and user engagement in our ecosystem may decrease and our market share and profitability may be negatively affected, which could materially and adversely affect our business, financial condition and results of operations, as well as our reputation and brand.

Sustained investment in our businesses and our focus on long-term performance and maintaining the health of our ecosystem may negatively affect our margins and our net income.

We focus on the long-term interests of the participants in our ecosystem. Our businesses may continue to increase spending and investments, including investing in organic development and incubating new businesses, enhancing consumer experience and user engagement, supporting merchants and acquiring users, as well as enhancing our technology, logistics, supply chain and other long term capabilities. Although we believe these investments are crucial to our success and future growth, they will have the effect of increasing our costs and lowering our margins and profit, and this effect may be significant in the short term and potentially over longer periods. Certain of our businesses may have negative margins or margins that are lower than what our China commerce retail business has enjoyed in the past. For example, certain of our businesses, including direct sales, Taobao Deals, Taocai, international commerce, local consumer services, Cainiao and digital media and entertainment, have incurred, and may continue to incur, losses. There can be no assurance that these investments will be able to generate the growth or profitability that we expect. Many of our businesses that are currently loss making may not turn profitable at our expected timing or at our expected scale, or at all. In addition, we expect that our margin will continue to be affected by the continuing shift in our revenue mix to our direct sales businesses.

We may not be able to maintain and improve the network effects of our ecosystem, which could negatively affect our business and prospects.

Our ability to maintain a healthy and vibrant ecosystem that creates strong network effects among consumers, merchants, brands, retailers and other participants is critical to our success. The extent to which we are able to maintain and strengthen these network effects depends on our ability to:

- offer secure and open platforms for all participants and balance the interests of these participants;
- provide a wide range of high-quality product, service and content offerings to consumers;
- attract and retain a wide range of consumers, merchants, brands and retailers;
- provide effective technologies, infrastructure and services that meet the evolving needs of consumers, merchants, brands, retailers and other ecosystem participants;
- arrange secure and trusted payment settlement and escrow services;
- comply with legal requirements and address user concerns with respect to data security and privacy;
- improve our logistics data platform and coordinate fulfillment and delivery services with logistics service providers;
• attract and retain third-party service providers that are able to provide quality services on commercially reasonable terms to our merchants, brands, retailers and other ecosystem participants;
• maintain the quality of our customer service; and
• continue adapting to the changing demands of the market.

In addition, changes we make to our current operations to enhance and improve our ecosystem or to comply with regulatory requirements may be viewed positively from one participant group’s perspective, such as consumers, but may have negative effects from another group’s perspective, such as merchants. If we fail to balance the interests of all participants in our ecosystem, consumers, merchants, brands, retailers and other participants may spend less time, mind share and resources on our platforms and may conduct fewer transactions or use alternative platforms, any of which could result in a material decrease in our revenue and net income. As our businesses operate more independently following the Reorganization, including making independent business decisions regarding customers and service providers, the network effect of our ecosystem may be adversely affected.

If we are not able to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition and results of operations would be materially and adversely affected.

Our industries are characterized by rapidly changing technology, evolving industry standards, new mobile apps and protocols, new products and services, new media and entertainment content, including user-generated content, and changing user demands and trends. Furthermore, our domestic and international competitors are continuously developing innovations in personalized search and recommendation, online shopping and marketing, communications, social networking, entertainment, logistics and other services, to enhance user experience. As a result, we continue to invest significant resources in our infrastructure, research and development and other areas in order to enhance our businesses and operations, as well as to explore new growth strategies and introduce new high-quality products and services.

Our investments in innovations and new technologies, which may be significant, may not increase our competitiveness or generate financial returns in the short term, or at all, and we may not be successful in adopting and implementing new technologies, such as generative AI which has recently attracted prominent attention. The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments in a timely manner could have a material adverse effect on our business, financial condition and results of operations. Even if we timely innovate and adopt changes in our strategies and plans, we may nevertheless fail to realize the anticipated benefits of these changes or even generate lower levels of revenue as a result.

Our failure to manage the significant management, operational and financial challenges involved in growing our business and operations could harm us.

Our businesses have become increasingly complex as the scale, diversity and geographic coverage of our businesses and our workforce continue to expand through both organic growth and acquisitions. The complexity and scale of our operations places a significant strain on our management, operational and financial resources. Our Reorganization may pose additional challenges, requiring us to effectively allocate resources among our various businesses and oversee their operations, including in the areas of capital management, compliance and risk management. Moreover, the current and planned staffing, systems, policies, procedures and controls of our businesses may not be adequate to support their future operations. To effectively manage continuing expansion and growth of their operations and workforce, our businesses will need to continue to improve their personnel management, transaction processing, operational and financial systems, policies, procedures and controls, particularly after the Reorganization our businesses operate more independently. These efforts will require significant managerial, financial and human resources. If we are not able to effectively oversee our businesses or if any of our businesses fails to manage its expansion and growth effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to maintain our culture, which has been a key to our success.

Since our founding, our culture has been defined by our mission, vision and values, and we believe that our culture has been critical to our success. In particular, our culture has helped us serve the long-term interests of our customers, attract, retain and motivate employees and create value for our shareholders. We face a number of challenges that may affect our ability to sustain our corporate culture, including:
• failure to identify, attract, promote and retain people who share our culture, mission, vision and values in leadership positions;
• retirements and departures of founders, executives and members of the Alibaba Partnership, and failure to execute an effective management succession plan;
• challenges of effectively incentivizing and motivating employees, including members of senior management, and in particular those who have gained a substantial amount of personal wealth related to share-based awards;
• the increasing size, complexity, geographic coverage and cultural diversity of our businesses and workforce;
• challenges in managing an expansive, diverse and changing workforce, in providing effective training to this workforce, and in promoting a culture of compliance with laws and regulations and preventing misconduct among our employees and participants in our ecosystem;
• competitive pressures to move in directions that may divert us from our mission, vision and values;
• the pressure from the public markets to focus on short-term results instead of long-term value creation; and
• the increasing need to develop expertise in new areas of business, such as direct sales business, consumer services and expansion of our logistics network services.

If we are not able to maintain our culture or if our culture fails to deliver the long-term results we expect to achieve, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected. Our Reorganization may negatively affect our ability to sustain our corporate culture. In addition, if our businesses are not able to develop and sustain their independent and cohesive culture following the Reorganization, their ability to recruit talents, their business operations and financial performance could be negatively affected.

Our business operations and financial position may be materially and adversely affected by any economic slowdown in China as well as globally.

Our revenue and net income are impacted to a significant extent by economic conditions in China and globally, as well as economic conditions specific to our business. The global economy, markets and levels of spending by businesses and consumers are influenced by many factors beyond our control, including geopolitical tension and conflicts, pandemics and other natural disasters, energy crisis, inflation risk and instability in the financial system.

The growth of China’s economy has slowed in recent years compared to prior years. There have also been concerns about the relationships among China and other Asian countries, the relationship between China and the United States, as well as the relationship between the United States and certain other Asian countries such as North Korea, which may result in or intensify potential conflicts in relation to territorial, regional security and trade disputes. See “— Changes in international trade or investment policies and barriers to trade or investment, and any ongoing geopolitical conflict, may have an adverse effect on our business and expansion plans, and could lead to the delisting of our securities from U.S. exchanges and/or other restrictions or prohibitions on investing in our securities.” The COVID-19 pandemic has severely disrupted business operations, supply chain and workforce availability across the world, leading to substantial declines in business activities that have negatively impacted and may continue to impact our business, financial condition and results of operations. See “— An occurrence of a widespread health epidemic or other outbreaks or natural disasters could have a material adverse effect on our business, financial condition and results of operations.” The Russia-Ukraine conflict has resulted in significant disruptions to supply chains, logistics and business activities in the region that have negatively affected our international commerce business and Cainiao’s international logistics business, negatively impacting the number of orders and revenue of AliExpress and Cainiao and increasing the operating costs of Cainiao. The conflict has also caused, and continues to intensify, significant geopolitical tensions in Europe and across the globe. The resulting sanctions imposed are expected to have significant impacts on the economic conditions of the countries and markets targeted by such sanctions, and may have unforeseen, unpredictable secondary effects on global energy prices, supply chains and other aspects of the global economy, which increases logistics costs and negatively affects our business operations, such as Cainiao. Any disruptions or continuing or worsening slowdown, whether as a result of trade conflicts, the COVID-19 pandemic, the Russia-Ukraine conflict or other reasons, could significantly reduce commerce activities in China and globally, which could lead to significant reduction in merchants’ demand for and spending on the various services we offer, such as our marketing services, logistics services and cloud computing services. Moreover, rising inflation could result in higher costs of services and supplies and a decrease in consumer spending, which could negatively affect our business operations and financial results. An economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in any market in which we operate could have a material adverse effect on business and consumer spending and, as a result, adversely affect our business, financial condition and results of operations.

In addition, because we hold a significant amount of cash and cash equivalents, short-term investments and other treasury investments, if financial institutions and issuers of financial instruments that we hold become insolvent or if the market for
these financial instruments become illiquid as a result of a severe economic downturn, our business and financial condition could be materially and adversely affected. For example, in March 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, and in the same month, each of Signature Bank and Silvergate Capital Corp. were swept into receivership, followed by the Federal Deposit Insurance Corporation’s announcement of the closing of First Republic Bank in May 2023. The failure of these banks resulted in an insignificant amount of asset impairment on our balance sheet for fiscal year 2023.

Changes in international trade or investment policies and barriers to trade or investment, and any ongoing geopolitical conflict, may have an adverse effect on our business and expansion plans, and could lead to the delisting of our securities from U.S. exchanges and/or other restrictions or prohibitions on investing in our securities.

In recent years, international market conditions and the international regulatory environment have been increasingly affected by competition among countries and geopolitical frictions. In particular, the U.S. government has advocated for and taken steps towards restricting trade in certain goods, particularly from China. The progress of trade talks between China and the United States is subject to uncertainties, and there can be no assurance as to whether the United States will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. The United States may take further actions to eliminate perceived unfair competitive advantages created by alleged manipulating actions. Changes to national trade or investment policies, treaties and tariffs, fluctuations in exchange rates or the perception that these changes could occur, and could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our international and cross-border operations, our financial condition and results of operations.

In addition, the United States has been considering ways to limit U.S. investment portfolio flows into China. For example, in May 2020, under pressure from U.S. administration officials, the independent Federal Retirement Thrift Investment Board suspended its implementation of plans to change the benchmark of one of its retirement asset funds to an international index that includes companies in emerging markets, including China. China-based companies, including us and our related entities, may become subject to executive orders or other regulatory actions that may, among other things, prohibit U.S. investors from investing in these companies or delist the securities of these companies from U.S. exchanges. As a result, U.S. and certain other persons may be prohibited from investing in the securities of our company or our related entities, whether or not they are listed on U.S. exchanges. For example, in November 2020, the U.S. administration issued U.S. Executive Order 13959, prohibiting investments by any U.S. persons in publicly traded securities of certain Chinese companies that are deemed owned or controlled by the Chinese military. In May 2021, the American depositary shares of China Telecom Corporation Limited, China Mobile Limited and China Unicom (Hong Kong) Limited were delisted from the NYSE to comply with this executive order. In June 2021, the U.S. administration expanded the scope of the executive order to Chinese defense and surveillance technology companies. Furthermore, the U.S. government is also considering, by new legislation or further executive action, measures that may place outbound investment restrictions on U.S. persons investing in certain technology sectors in certain international markets that would be deemed critical to U.S. national security. Geopolitical tensions between China and the United States may intensify and the United States may adopt even more drastic measures in the future.

China and other countries have retaliated and may further retaliate in response to new trade policies, treaties and tariffs implemented by the United States. For instance, in response to the tariffs announced by the United States, in 2018 and 2019, China announced it would stop buying U.S. agricultural products and imposed tariffs on over US$185 billion worth of U.S. goods. Although China subsequently granted tariff exemptions for certain U.S. products as a result of trade talks and the phase one trade deal agreed with the United States, it is uncertain whether there will be any further material changes to China’s tariff policies. Any further actions to increase existing tariffs or impose additional tariffs could result in an escalation of the trade conflict, which would have an adverse effect on manufacturing, trade and a wide range of industries that rely on trade, including logistics, retail sales and other businesses and services, which could adversely affect our business operations and financial results.

Additionally, China has issued regulations to give itself the ability to unilaterally nullify the effects of certain foreign restrictions that are deemed to be unjustified to Chinese individuals and entities. The Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures promulgated by the MOFCOM on January 9, 2021, provide that, among other things, Chinese individuals or entities are required to report to the MOFCOM within 30 days if they are prohibited or restricted from engaging in normal business activities with third-party countries or their nationals or entities due to non-Chinese laws or measures; and the MOFCOM, following the decision of the relevant Chinese authorities, may issue prohibition orders contravening such non-Chinese laws or measures. Furthermore, on June 10, 2021, the Standing Committee of the National People’s Congress of China promulgated the Anti-foreign Sanctions Law. The Anti-foreign Sanctions Law prohibits any organization or individual from implementing or providing assistance in implementation of discriminatory restrictive measures taken by any foreign state against the citizens or organizations of China. In addition, all
organizations and individuals in China are required to implement the retaliatory measures taken by relevant departments of the State Council of the PRC. Since the aforesaid laws and rules are relatively new, there exist high uncertainties as to how such regulations will be interpreted and implemented and how they would affect our business, results of operations or the trading prices of our ADSs, Shares and/or other securities.

Changes in laws and policy could negatively affect, for example, both export-focused businesses on AliExpress and Alibaba.com, as well as import-focused businesses on Tmall and Tmall Global. Conflicting regulatory requirements could also increase our compliance costs and subject us to regulatory scrutiny. Any further escalation in geopolitical tensions or a trade war, or news and rumors of any escalation, could affect activity levels within our ecosystem and have a material and adverse effect on our business, results of operations, and/or the trading prices of our ADSs, Shares and/or other securities. Any restrictions imposed by the United States or other countries on capital flows into China or China-based companies may prevent potential investors from investing in us, and the trading prices and liquidity of our ADSs, Shares and/or other securities may suffer as a result.

Geopolitical tensions and policy changes have also led to measures that could have adverse effects on China-based issuers, including the U.S. Holding Foreign Companies Accountable Act, which requires companies listed in the United States whose audit reports and/or auditors are not subject to review by the PCAOB to be subject to enhanced disclosure obligations and be subject to delisting if they do not comply with the requirements. See “— Risks Related to Doing Business in the People’s Republic of China — Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China.”

Export control, economic or trade sanctions and a heightened trend towards trade and technology “de-coupling” could negatively affect our business operations and subject us to regulatory investigations, fines, penalties or other actions and reputational harm, which could materially and adversely affect our competitiveness and business operations, as well as the trading prices of our ADSs, Shares and/or other securities.

The United Nations and a number of countries and jurisdictions, including China, the United States and the EU, have adopted various export control and economic or trade sanction regimes. In particular, the U.S. government and other governments have threatened and/or imposed export control, as well as economic and trade sanctions on a number of China-based companies. It is possible that the United States or other jurisdictions may impose further export control, sanctions, trade embargoes, and other heightened regulatory requirements on China and China-based companies in a wide range of areas such as sale or transfer of technologies, data security, emerging technologies, “dual-use” commercial technologies that could be deployed for surveillance or military purposes, import/export of technology, purchase and sale by Americans of securities of Chinese firms, or other restrictions or prohibitions on business activities. These regulatory requirements could (1) prohibit or restrict firms from selling, exporting, re-exporting or transferring certain technology, components, software and other items to China-based companies, (2) prohibit or restrict persons from entering into transactions with China-based companies, (3) prohibit or restrict China-based companies from accessing data, providing services in or operating in the sanctioning jurisdiction, or (4) prohibit purchases and sale of securities of Chinese firms, among other prohibitions or restrictions. For example, in October 2022, the U.S. Department of Commerce’s Bureau of Industry and Security released broad changes in export control regulations, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. Subsequently, Japan and the Netherlands issued similar regulations restricting export of advanced chip-manufacturing equipment, which may further curb China’s access to chip technologies. The United States and other countries may impose other and more expansive restrictions on the sales of chips to China in future. In May 2023, the Cyberspace Administration of China stated that certain U.S. memory chip manufacturer posed national security risks and banned the use of its products from key infrastructure projects in China. In addition, Chinese companies, if targeted under U.S. economic sanctions, may lose access to the U.S. markets and the U.S. financial system, including the ability to use U.S. dollars to conduct transactions, settle payments or to maintain correspondent accounts with U.S. financial institutions. U.S. entities and individuals may not be permitted to do business with sanctioned companies and persons, and international banks and other companies may as a matter of law and/or policy decide not to engage in transactions with such companies. Moreover, certain reports have suggested that the U.S. government may use its influence to block Chinese financial institutions from using the SWIFT network that enables financial institutions to send and receive information about financial transactions, which may in turn adversely affect the ability of Chinese companies to access international payment, clearance and settlement networks.

These restrictions or sanctions, and similar or more expansive restrictions or sanctions that may be imposed by the United States or other jurisdictions in the future, whether directed against us, our affiliates, including Ant Group, or our business partners, may materially and adversely affect our and our technology partners’ abilities to acquire technologies, systems,
devices or components that may be critical to our technology infrastructure, service offerings and business operations, and thereby negatively affecting our ability to offer products and services (including those based on AI technologies) as well as our ability to continue to enhance our technological capabilities. As a result of heightened restrictions, we and our technology partners may be forced to develop equivalent technologies or components, or obtain equivalent technologies or components from sources outside the United States. We and they may not be able to do so in a timely manner and on commercially favorable or acceptable terms, or at all. These restrictions, sanctions, or other prohibitions could negatively affect our and our technology partners’ abilities to recruit research and development talent or conduct technological collaboration with scientists and research institutes in the United States, Europe or other countries, which could significantly harm our competitiveness, as well as increase our compliance costs and risks. These restrictions, sanctions, or other prohibitions could also restrict our ability to operate in the United States or other jurisdictions. For example, U.S. entities and individuals with whom we have existing contractual or other relationships may be prohibited from continuing to do business with us, including performing their obligations under agreements involving our supply chain, logistics, software development, cloud services and other products and services. In addition, holders of our debt and equity securities may be required or forced to divest, which could result in significant loss to them.

In August 2020, MOFCOM and the Ministry of Science and Technology of the PRC issued a notice which stipulates that certain technologies, including technologies related to personalized information push services based on data analysis, are restricted from export outside the PRC without approval. Some of our technologies could fall within the scope of technologies subject to such export restriction. In addition, according to the PRC Export Control Law which came into effect in December 2020, we, our affiliates and business partners may also be required to obtain licenses, permits and governmental approvals to export certain goods, technologies and services. These and additional regulatory restrictions and requirements that may become effective from time to time may increase our compliance burden and affect our ability and efficiency in expanding to international markets.

Our business and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities may be materially and negatively affected by current or future export control or economic and trade sanctions or developments. Export control and economic sanctions laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are out of our control or heightened by national security concerns. The high level of uncertainty relating to potential actions and their timing and scope, as well as market rumors or speculation on potential actions, could also negatively and materially affect the trading prices of our ADSs, Shares and/or other securities.

Furthermore, if any of our expanding network of investee companies, global business partners, joint venture partners or other parties that have collaborative relationships with us or our affiliates, including Ant Group, were to become subject to sanctions or export control restrictions, this might result in significant negative publicity, governmental investigations and reputational harm, as well as losses from impairments or write-offs. Some of such companies, partners and other parties, including some of our investee companies, have become subject to sanctions or export control restrictions. For example, in connection with the Russia-Ukraine conflict, certain Russian shareholders of our AliExpress Russia joint venture have become subject to varying degrees of sanctions. There is no assurance that the scope of sanctions will not expand to include AliExpress Russia or us.

Media reports on alleged violation of export control or economic and trade sanctions laws, or on uses of the technologies, systems or innovations that we develop, such as biometrics data analysis and artificial intelligence, for purposes which could be perceived as inappropriate or controversial, by us, our clients, business partners, investees or other parties not affiliated with or controlled by us, even on matters not involving us, could damage our reputation and lead to regulatory investigations, fines and penalties against us. Such fines and penalties may be significant, and if we were publicly named or investigated by any regulator on the basis of suspected or alleged violations of export control or economic and trade sanctions laws and rules, even in situations where the potential amount or fine involved may be relatively small, and even in these instances where we would be cleared of any wrongdoing, our reputation could be significantly harmed. Any of these circumstances may cause the trading prices of our ADSs, Shares and/or other securities to decline significantly, and materially reduce the value of your investment in our ADSs, Shares and/or other securities.

We may suffer reputational harm and the trading prices of our ADSs, Shares and/or other securities may decrease significantly due to business dealings by, or connections of, merchants or consumers on our marketplaces with sanctioned countries or persons.

The U.S. government imposes broad economic and trade restrictions on dealings with certain countries and regions, including the Crimea, certain regions affected by the Russia-Ukraine conflict, Cuba, Iran, North Korea and Syria, or the Sanctioned Countries, and numerous individuals and entities, including those designated as having engaged in activities relating to
terrorism, drug trafficking, cybercrime, the rough diamond trade, proliferation of weapons of mass destruction or human rights violations, or the Sanctioned Persons. The U.S. government’s economic sanctions programs evolve or threaten to change frequently, including with respect to the Sanctioned Countries and other countries, such as Russia and Venezuela, and there are risks of further enhanced economic sanctions concerning these countries, among others. It is not, however, possible to predict with a reasonable degree of certainty how the regulatory environment concerning U.S. economic sanctions may develop. The United Nations, the EU, the UK, and other countries also impose economic and trade restrictions, including on certain Sanctioned Countries and Sanctioned Persons. The Russia-Ukraine conflict has resulted in additional sanctions imposed on Russia by the U.S., the EU, the UK, and other countries.

As a Cayman Islands company with the substantial majority of our subsidiaries and operations outside of the U.S., UK and EU, we are generally not required to comply with U.S., UK, and EU sanctions to the same extent as U.S., UK or EU entities. However, for companies like us, our U.S., UK, and EU subsidiaries, employees who are U.S. persons or UK or EU nationals, activities in the U.S., UK, or EU, activities involving U.S.-origin goods, technology or services, and certain conduct or dealings, among other activities, are subject to applicable sanctions requirements. We do not have employees or operations in any of the Sanctioned Countries, and, although our websites are open and available worldwide, we do not actively solicit business from the Sanctioned Countries or Sanctioned Persons. For instance, in the case of AliExpress, Taobao and Tmall, an insignificant percentage of orders have been placed by consumers from the Sanctioned Countries, with a negligible amount of aggregate GMV in the fiscal year ended March 31, 2023 through transactions conducted voluntarily among merchants and consumers on these marketplaces. As all transaction fees on AliExpress, Taobao and Tmall are paid by merchants, primarily based in China, we do not earn any fees or commission from consumers in Sanctioned Countries in respect of transactions conducted on these platforms.

We have established a compliance program that aims to ensure our compliance with these economic and trade restrictions, as well as export control regimes. However, these laws and regulations are complex and subject to frequent change, including with respect to jurisdictional reach and the lists of countries, entities, individuals and technologies subject to sanctions and other regulatory controls. For example, the Uyghur Forced Labor Disclosure Act was passed by the U.S. House of Representatives in June 2021. If enacted, this bill would require publicly-listed companies in the United States including us to disclose information about their supply chain links to China’s Xinjiang Autonomous Uyghur Region, or Xinjiang. In December 2021, the U.S. Senate and the House of Representatives passed the Uyghur Forced Labor Prevention Act, or the UFLP Act, which was signed into law on December 23, 2021. The UFLP Act prohibits from importation into the United States any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in Xinjiang, or by certain entities within Xinjiang. We may incur significant costs related to current, new or changing sanctions, embargoes, export controls programs or other restrictions and disclosure requirements, as well as negative publicity, investigations, fines, fees or settlements, which may be difficult to predict. We also could face increased compliance costs and risks as we expand globally and into additional businesses, such as cloud business.

Certain institutional investors, including state and municipal governments in the United States and universities, as well as financial institutions, have proposed or adopted divestment or similar initiatives regarding investments in companies that do business with Sanctioned Countries. Accordingly, as a result of activities on our marketplaces or in connection with other business we operate that may involve users based in the Sanctioned Countries or Sanctioned Persons, certain investors may not wish to invest or may divest their investment in us, certain financial institutions may not wish to lend, extend credit or offer ordinary banking services to us, or seek early repayment of loans made to us, and certain financial institutions and other businesses with which we partner or may partner may seek to avoid business relationships with us. These divestment initiatives and terminations of business services may negatively impact our reputation, business and results of operations, and may materially and adversely affect the trading prices of our ADSs, Shares and/or other securities.

We face risks relating to our acquisitions, investments and alliances.

We have acquired and invested in a large number and a diverse range of businesses, including those in different countries and regions, technologies, services and products in recent years. We have also made investments of varying sizes in joint ventures. From time to time, we may have a number of pending investments and acquisitions that are subject to closing conditions and risks of failure to close. See “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Recent Investment, Acquisition and Strategic Alliance Activities.” As we continue to invest in our ecosystem, we expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets, as well as strategic investments, joint ventures and alliances. At any given time we may be engaged in discussing or negotiating a range of these types of transactions. These transactions involve significant challenges and risks, including:
• difficulties in, and significant and unanticipated additional costs and expenses resulting from, integrating into our business the large number of personnel, operations, products, services, technology, internal controls and financial reporting of the businesses we acquire;
• disruption of our ongoing business, distraction of and significant time and attention required from our management and employees and increases in our expenses;
• departure of skilled professionals and proven management teams of acquired businesses, as well as the loss of established client relationships of those businesses we invest in or acquire;
• for investments over which we may not obtain management and operational control, we may lack influence over the controlling partners or shareholders, or may not have aligned interests with those of our partners or other shareholders;
• additional or conflicting regulatory requirements, heightened restrictions on and scrutiny of investments, acquisitions and foreign ownership in other jurisdictions, on national security grounds or for other reasons, regulatory requirements (such as filings and approvals under the anti-monopoly and competition laws, rules and regulations, and review of investments and acquisitions of large Internet platforms under certain policies), the risk that acquisitions or investments may fail to close, due to political and regulatory challenges, as well as related compliance and publicity risks;
• actual or alleged misconduct, unscrupulous business practices or non-compliance by us or any company we acquire or invest in or by its affiliates or current or former employees, whether before, during or after our acquisition or investments;
• difficulties in identifying and selecting appropriate targets and strategic partners, including potential loss of opportunities for strategic transactions with competitors of our investee companies and strategic partners;
• difficulties in conducting sufficient and effective due diligence on potential targets and unforeseen or hidden liabilities or additional incidences of non-compliance, operating losses, costs and expenses that may adversely affect us following our acquisitions or investments or other strategic transactions;
• negative impact on our cash and credit profile from loans to or guarantees for the benefit of equity method investees;
• losses arising from disposal of investments or de-consolidation of businesses; and
• actual or potential impairment charges or write-offs of investments in equity method investees or intangible assets (including intellectual property we acquire), and goodwill recorded in connection with invested businesses, particularly investments in publicly traded companies, in the event that a decline in fair value below the carrying value of our equity method investments is other-than-temporary, or the carrying amount of a reporting unit to which goodwill is allocated exceeds its fair value. See “Item 5. Operating and Financial Review and Prospects — E. Critical Accounting Estimates — Critical Accounting Policies and Estimates — Impairment Assessment on Investments in Equity Method Investees” and “— Impairment Assessment on Goodwill and Intangible Assets.”

These and other risks could lead to negative publicity, increased regulatory scrutiny, litigation, government inquiries, investigations, actions or penalties against us and the companies we invest in or acquire on the ground of non-compliance with policy and regulatory requirements, or even against our other businesses, and may force us to incur significant additional expenses and allocate significant management and human resources to rectify or improve these companies’ corporate governance standards, disclosure controls and procedures or internal controls and systems. Due to business or financial underperformance, regulatory scrutiny or compliance reasons, we may need to divest interests in, or terminate business cooperation with, businesses and entities in which we have invested capital and other resources. See also “— PRC regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions and subject us to fines or other administrative penalties.” As a result, we may experience significant difficulties and uncertainties carrying out investments and acquisitions, and our growth strategy, reputation and/or the trading prices of our ADSs, Shares and/or other securities may be materially and adversely affected.

In addition, our strategic investments and acquisitions may adversely affect our financial results, at least in the short term. For example, acquisitions of, and continued investments in lower margin or loss-making businesses and the integration of our local consumer services business, have negatively affected our margins and net income. Acquired businesses that are loss-making may continue to sustain losses and may not become profitable in the near future or at all. The performance of our current and future equity method investees may also adversely affect our net income. There can be no assurance that we will be able to grow our acquired or invested businesses, or realize returns, benefits of synergies and growth opportunities we expect in connection with these investments and acquisitions.

We face challenges in expanding our international and cross-border businesses and operations.

In addition to risks that generally apply to our acquisitions and investments, we face risks associated with expanding into an increasing number of markets where we have limited or no experience, we may be less well-known or have fewer local resources and we may need to localize our business practices, culture and operations. We also face protectionist or national security policies that could, among other things, hinder our ability to execute our business strategies and put us at a
competitive disadvantage relative to domestic companies in other jurisdictions. The expansion of our international and cross-border businesses will also expose us to risks and challenges inherent in operating businesses globally, including:

- challenges in replicating or adapting our company policies and procedures to operating environments different from that of China, including technology and logistics infrastructure;
- challenges of maintaining efficient and consolidated internal systems, including IT infrastructure, and of achieving customization and integration of these systems with the other parts of our ecosystem;
- lack of acceptance of our product and service offerings, and challenges of localizing our offerings to appeal to local tastes;
- failure to understand cultural differences, local consumer behaviors and preferences and local business practices;
- protectionist or national security policies that restrict our ability to:
  - invest in or acquire companies;
  - develop, import or export certain technologies, such as the national AI initiative proposed by the U.S. government;
  - utilize technologies that are deemed by local governmental regulators to pose a threat to their national security; or
  - obtain or maintain the necessary licenses and authorizations to operate our businesses;
- the need for increased resources to manage regulatory compliance across our international businesses;
- failure to attract and retain capable talent with international perspectives who can effectively manage and operate local businesses;
- compliance with local laws and regulations, including those relating to e-commerce marketplaces and platforms, digital services, privacy and data security, such as the Digital Markets Act, the Digital Services Act and the General Data Protection Regulation of the EU, consumer and labor protection, and environmental regulations, and increased compliance costs across different legal systems;
- changes in applicable cross-border e-commerce tax laws, such as the EU’s removal of value-added tax exemption for cross-border parcels valued below €22, which could negatively affect transactions conducted through our international and cross-border platforms, increase our compliance costs and subject us to additional risks;
- heightened restrictions and barriers on the transfer of data between different jurisdictions;
- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions, including significant delays in or even suspensions of customs clearance, which may be applicable to transactions conducted through our international and cross-border platforms, related compliance obligations and consequences of non-compliance, and any new developments in these areas;
- availability, reliability and security of international and cross-border payment systems and logistics infrastructure;
- exchange rate fluctuations, which may have a material adverse effect on cross-border commerce businesses and businesses in the affected countries or regions; and
- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism, such as the Russia-Ukraine conflict.

Failure to manage these risks and challenges could negatively affect our ability to expand our international and cross-border businesses and operations as well as materially and adversely affect our business, financial condition and results of operations.

An occurrence of a widespread health epidemic or other outbreaks or natural disasters could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as COVID-19, swine flu, avian influenza, severe acute respiratory syndrome, Ebola and Zika; natural disasters, such as earthquakes, snowstorms, storm surges, floods, fires, drought and other extreme weather events and other effects of climate change; or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our industry and our business and operations, and have a material adverse effect on our business, financial condition and results of operations. For example, these events could cause a temporary closure of the facilities we use for our operations, significantly disrupt supply chains and logistics services or severely impact consumer behaviors and the operations of merchants, business partners and other participants in our ecosystem. Our operations could also be disrupted if any of our employees or employees of our business partners are suspected of contracting an epidemic disease, since this could require us or our business partners to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak or any change in policy in response to such event harms the global or PRC economy in general.
In particular, the global outbreak of the COVID-19 pandemic continued to have a significant negative impact on the global economy in fiscal year 2023, which has adversely affected our business and financial results. From early 2020 to early 2023, the COVID-19 pandemic triggered a series of lock-downs, social distancing requirements and travel restrictions that significantly and negatively affected our various businesses in China, particularly our China commerce and local consumer services businesses. Our key international commerce businesses also experienced a negative impact. The COVID-19 pandemic also presented challenges to our business operations as well as the business operations of our merchants, business partners and other participants in our ecosystem, such as closure of offices and facilities, disruptions to or even suspensions of normal business and logistics operations, as well as restrictions on travel. Starting in December 2022, China has lifted most of the COVID-19-induced travel restrictions and quarantine requirements. From late December 2022 to early 2023, certain parts of China experienced COVID-19 resurgence, which caused significant disruption to our business operations in these regions.

It is not possible to determine the impact of the COVID-19 pandemic on our business operations and financial results going forward, which is highly dependent on numerous factors, including the frequency, duration and spread of the outbreaks of the COVID-19 pandemic (including any new variant with different characteristics) in China or elsewhere, actions taken by governments, the response of businesses and individuals to the pandemic, the impact of the pandemic on business and economic conditions in China and globally, consumer demand, our ability and the ability of merchants, retailers, logistics service providers and other participants in our ecosystem to continue operations in areas affected by the pandemic and our efforts and expenditures to support merchants and partners and ensure the safety of our employees. The COVID-19 pandemic may continue to adversely affect our business and results of operations.

We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities.

The industries in which we operate, including online and mobile commerce, local consumer services, logistics, cloud computing, digital media and entertainment and other online content offerings, as well as certain of our important business processes, including those that may be deemed as relating to payment and settlement of funds, are subject to government regulations in the PRC and other countries. These requirements may include requirements or restrictions relating to, among other things, the provision of certain regulated products or services through platforms, new and additional licenses, permits and approvals, renewals and amendments of licenses, or governance or ownership structures. Failure to obtain and maintain such required licenses or approvals may require us to adjust our business practices, increase our costs or subject us to fines, which materially and adversely affect our business and the trading prices of our ADSs, Shares and/or other securities.

We are subject to regulations in a wide range of areas, including, among others, anti-monopoly and anti-unfair competition, privacy and data protection and content. See “— Claims or regulatory actions under competition laws against us may result in our being subject to fines, constraints on our business and damage to our reputation.”; “— Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection, which are subject to change and uncertain interpretation. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.”; and “— We may be subject to liability for content available in our ecosystem that is alleged to be obscene, defamatory, libelous, fraudulent, socially destabilizing or otherwise unlawful.”

In particular, regulators in the PRC and other countries are increasingly focused on regulating digital platforms. For example, the PRC E-commerce Law, or the E-commerce Law, and the Measures for the Supervision and Administration of Online Trading, or the Online Trading Measures, impose a series of requirements on e-commerce platform operators, including requiring e-commerce platform operators to verify and update each merchant’s profile on a regular basis and monitor their market participant registration status. Other laws also impose obligations and limitations on network platform operators, including, among others, taking measures to prevent and stop false and illegal advertisements and marketing information, improving technical measures for discovering and dealing with illegal or criminal activities on the platforms, and limiting and regulating an e-commerce platform operator’s personalized shopping recommendations service to consumers.

Large-scale Internet platforms, including us, are subject to more responsibilities and obligations than smaller platforms. For example, the draft Guidelines for Implementing Subject Responsibilities of Internet Platforms, or the Responsibilities Guidelines, set forth additional responsibilities for operators of super platforms, as defined in the draft Guidelines for Classification and Grading of Internet Platforms, or the Draft Classification Guidelines. These additional responsibilities include promoting interoperability between the services they provide and those provided by other platforms. The above guidelines have not been formally adopted, and substantial uncertainties still exist with respect to the enactment timetable,
Our business and technologies generate and process a large amount of data, including personal data, and the improper use or disclosure of data could result in regulatory investigations and penalties, and harm our reputation and have a material adverse effect on the trading prices of our ADSs, Shares and/or other securities, our business and our prospects.

Our business and technologies generate and process a large quantity of personal data. Our privacy policies concerning the collection, use and disclosure of personal data are posted on our platforms. We face risks inherent in handling and protecting large volumes of data, especially consumer data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system or unauthorized use by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns, challenges, negative publicity and litigation related to data privacy, collection, use and actual or perceived sharing for promotional and other purposes (including cooperation and sharing among our own businesses, cooperation with business partners or mandatory disclosure to regulators), and concerns among the public about the alleged discriminatory treatment adopted by Internet platforms based on user profile, safety, security and other factors that may arise from our existing businesses or new businesses and technologies, such as new forms of data (for example, biometric data, location information and other demographic information); and
- complying with applicable laws, rules and regulations relating to the collection (from users and other third-party systems or sources), use, storage, transfer, disclosure and security of personal data, including requests from data subjects and regulatory and government authorities.

These challenges are heightened as we expand our business into jurisdictions with different legal and regulatory regimes, such as the GDPR. There have been a number of reports on and litigation relating to incidents relating to data security and unauthorized use of user data by high-profile Internet and technology companies and their business partners. If our user data is improperly used or disclosed by any party, or if we were to be found in violation of any data-related laws, rules or regulations, including those relating to collection and use of user data, it could result in a loss of users, businesses and other participants from our ecosystem, suspension of service or blockage of access to mobile app services, loss of confidence or trust in our platforms, litigation, regulatory investigations, significant amounts of penalties or actions against us, significant damage to our reputation or even criminal liabilities, and have a material adverse effect on the trading prices of our ADSs, Shares and/or other securities, our business and our prospects.
As permitted by our privacy policies and user agreements, we grant expressly limited access to specified data on our data platform to certain participants in our ecosystem that provide services to consumers, merchants, brands, retailers and other ecosystem participants. In addition, following the termination of the data sharing agreement with Ant Group in July 2022, we and Ant Group will, to the extent necessary for each party to provide services to our respective customers, negotiate the terms of data sharing arrangements on a case-by-case basis and as permitted by applicable laws and regulations. Participants in our ecosystem, including Ant Group, face the same challenges inherent in handling and protecting large volumes of data. Any actual or perceived improper use of data by us or them, and any systems failure or security breach or lapse on our or their part that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability or regulatory actions. This could also attract negative publicity from media outlets, privacy advocates, our competitors or others and could adversely affect the trading prices of our ADSs, Shares and/or other securities.

Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection, which are subject to change and uncertain interpretation. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.

Regulatory authorities in China and around the world have recently implemented, and may in the future continue to implement, further legislative and regulatory proposals concerning privacy and data protection, particularly relating to the protection of personal information, cybersecurity and cross-border data transmission. These laws and regulations can be complex and the interpretation and application of these laws and regulations are often uncertain, in flux and complicated.

PRC regulatory authorities have increasingly focused on personal data and privacy protection, and promulgated a number of laws and regulations, including the Personal Information Protection Law and the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications, that stipulate requirements and limitations on the collection, processing and handling of personal information. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Data and Privacy Protection” and “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Mobile Apps.” In the course of our business operations, we collect information of our customers and users, including personal information. Therefore, we are required to comply with applicable laws and regulations relating to personal data and privacy protection. To ensure our compliance with these laws and regulations, we have established relevant protocols and mechanisms. For example, to get consent from users before collecting their personal information, we clearly notify them the information collected and the purpose of collecting the information, explain to them what, how and why the information may be shared with third parties and also provide the privacy policy of the third parties with whom we share the information. These personal data privacy protection procedures have increased our compliance and operating costs. The data privacy laws and regulations also impose penalties and liability on information processors for non-compliant information collection and processing activities, including correction, suspension or termination of their services, confiscation of illegal income, as well as significant fines of up to 5% of revenue and other penalties. PRC regulatory authorities have also put forward regular inspections and reporting on the compliance of mobile apps, mini-programs, software development kits and other applications. We believe that our business operations are compliant with the currently effective PRC laws relating to personal data and privacy protection in all material respects. Nevertheless, the interpretation and implementation of these laws and regulations are evolving, and we may be required to continuously adjust and upgrade our applications. The Cyberspace Administration of China has previously named certain of our mobile apps for failure to comply with privacy and data security regulations. We have rectified these mobile apps’ data collection and use practices to bring them into compliance.

PRC regulatory authorities have also enhanced their regulation on algorithm recommendation services. According to the Administrative Provisions on Internet Information Service Algorithm Recommendation, or the Algorithm Recommendation Provisions, which came into effect on March 1, 2022, algorithm recommendation service providers shall clearly inform users of their provision of algorithm recommendation services, and make public the basic principles, intentions and main operating mechanisms of the algorithm recommendation services, and shall also ensure that users may conveniently terminate the algorithm recommendation services. Moreover, algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers’ rights of fair trade, and are prohibited from carrying out illegal conduct such as unreasonable differentiated treatment based on consumers’ preferences, purchase behavior, or such other characteristics. In addition, the Administrative Provisions on Deep Synthesis of Internet Information Services, which took effect in January 2023, impose obligations on providers, technology supporters and users of deep synthesis technology, including verification of user identity, implementing measures to protect data security and personal information, content moderation, labelling content generated using deep synthesis technology, and conducting security assessment and completing filings for provision
of certain services. We use algorithmic recommendation and deep synthesis technology in a wide range of our businesses. Accordingly, we need to comply with the Algorithm Recommendation Provisions, the Administrative Provisions on Deep Synthesis of Internet Information Services and other applicable laws and regulations governing algorithm recommendation services, and we may be subject to penalties and liability for non-compliance, which may include administrative liabilities, including warnings, public denouncement, fines, enforcement orders requiring us to correct, or suspending us from posting new information, suspension of business or even criminal liabilities. Complying with PRC regulation on algorithm recommendation services has increased our compliance costs, changed our data use and business practices, and could negatively affect user activities on our platforms. We believe that our business operations are compliant with currently effective PRC laws relating to algorithm recommendation services in all material respects. Moreover, on July 10, 2023, the Cyberspace Administration of China, together with other relevant authorities, released the Interim Measures on Generative AI Services, which will come into effect on August 15, 2023 and impose compliance requirements on providers of generative AI services. According to the Interim Measures on Generative AI Services, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Certain providers of generative AI services shall also conduct security assessment and complete certain filings in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation. Non-compliance with the Interim Measures on Generative AI services may subject generative AI services providers to penalties, including warning, public denouncement, rectification orders and suspension of the provision of relevant services. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Internet Security.” As of the date of this annual report, uncertainties exist with respect to the interpretation and implementation of the Interim Measures on Generative AI Services, as well as how they will affect our business operations.

PRC regulatory authorities have also stepped up efforts in safeguarding cybersecurity. The PRC Cybersecurity Law, which generally governs the construction, operation, maintenance and use of networks in China, subjects network operators, including us, to various security protection-related obligations. In addition, the PRC Cybersecurity Law provides that personal information and important data collected and generated by operators of critical information infrastructure in the course of their operations in the PRC should be stored in the PRC, and imposes heightened regulation and additional security obligations on operators of critical information infrastructure. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Internet Security.” We believe that we are compliant with PRC Cybersecurity Law, including requirements relating to security protection, user identity verification, cybersecurity emergency response planning and technical assistance, in all material respects. Failure to comply could subject us to fines, suspension of businesses, shutdown of websites and revocation of business licenses.

PRC regulatory authorities have recently promulgated laws and regulations relating to cybersecurity review, including requirements that affect overseas listings by Chinese companies. According to the Revised Cybersecurity Review Measures, which became effective in February 2022, operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. In addition, any network platform operator possessing over one million users’ individual information must apply for cybersecurity review before listing abroad. Relevant PRC governmental authorities may also initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Internet Security.” Moreover, in November 2021, the Cyberspace Administration of China promulgated the Draft Regulations on Network Data Security Management, or the Draft Cyber Data Security Regulations, for public comments, which set forth different scenarios where data processors are required to apply for cybersecurity review, including, among others, overseas listing while processing over one million users’ personal information, Hong Kong listing that affects or may affect national security, and other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulations also require data policies and rules and any material amendments thereof of large Internet platforms with over 100 million daily active users be evaluated by a third-party organization designated by the Cyberspace Administration of China and approved by the respective local branch of the Cyberspace Administration of China. There is no definite timetable as to when the Draft Cyber Data Security Regulations will be enacted. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Data and Privacy Protection.”

PRC laws and regulations relating to cybersecurity review are relatively new, and the applicable scope of these laws and regulations remain subject to uncertainties and further clarifications from PRC regulators. As of the date of this annual report, we have not received any notice from the Cyberspace Administration of China of a cybersecurity review on us under the Revised Cybersecurity Review Measures. Based on advice from Fangda Partners, our PRC counsel, we do not believe that we are required to undergo cybersecurity review by the Cyberspace Administration of China for our previous securities offerings. However, given the scale of our business and the number of users on our platforms, we believe that we may be subject to a cybersecurity review in the future. If we are subject to a cybersecurity review, we may incur significant costs and
subject to significant regulatory penalties for failure to comply with these requirements. In addition, these laws, rules and
privacy protection-related laws, rules and regulations could result in reputational damages or proceedings or actions against
Cloud. Any failure, or perceived failure, by us to comply with the above and other applicable regulatory requirements or
compliance requirements of the GDPR affect a number of our businesses, such as AliExpress, Alibaba.com and Alibaba
compliance. For example, penalties calculated as a percentage of global revenue may be imposed under the GDPR. The
to data collection, storage, transfer, disclosure, protection and privacy, and will impose significant penalties for non-
various jurisdictions, such as the GDPR, present increased challenges and risks in relation to policies and procedures relating
to data collection, storage, transfer, disclosure, protection and privacy, and will impose significant penalties for non-
encryption of user data does not hinder law enforcement agencies’ access to that data. For example, according to the PRC
Cybersecurity Law and relevant regulations, network operators, including us, are obligated to provide assistance and support
in accordance with the law for public security and national security authorities to protect national security or assist with
criminal investigations. Non-compliance or compliance with these laws and requirements in manners that are perceived as
harming privacy could lead to significant damages to our reputation and proceedings and actions against us by regulators and
private parties.

In addition, regulators in China and other jurisdictions in which we operate may implement measures to ensure that
encryption of user data does not hinder law enforcement agencies’ access to that data. For example, according to the PRC
Cybersecurity Law and relevant regulations, network operators, including us, are obligated to provide assistance and support
in accordance with the law for public security and national security authorities to protect national security or assist with
criminal investigations. Non-compliance or compliance with these laws and requirements in manners that are perceived as
harming privacy could lead to significant damages to our reputation and proceedings and actions against us by regulators and
private parties.

As we further expand our operations into international markets, we will be subject to additional laws in other jurisdictions
where we operate and where our consumers, users, merchants, customers and other participants are located. Such laws, rules
and regulations of other jurisdictions may be more comprehensive, detailed and nuanced in their scope, and may impose
requirements and penalties that conflict with, or are more stringent than, those in China. For example, the European Union
has adopted the Digital Markets Act and the Digital Services Act and proposed the European Data Act since 2020, which
impose various requirements on data use, data sharing and data protection, among other matters. Moreover, AliExpress has
been designated as a “very large online platform” under the Digital Services Act, and thus is required to fulfill more stringent
obligations, including algorithm transparency, content moderation, mandatory reporting of incidents and measures to tackle
illegal content, regular risk assessment, annual independent audit, data sharing with relevant regulators and annual
supervisory fee. These requirements will create additional operational burdens and compliance costs for us, and we may be
subject to significant regulatory penalties for failure to comply with these requirements. In addition, these laws, rules and
regulations in other jurisdictions where we operate may restrict the transfer of data across jurisdictions, which could impose
additional and substantial operational, administrative and compliance burdens on us, and may also restrict our business
activities and expansion plans, as well as impede our data-driven business strategies. Complying with laws and regulations
for an increasing number of jurisdictions could require significant resources and costs. Our continued expansion into cloud
business, both in China and elsewhere, will also increase the amount of data hosted on our system, as well as increase the
number of jurisdictions in which we have IT systems. This, as well as the increasing number of new legal requirements in
various jurisdictions, such as the GDPR, present increased challenges and risks in relation to policies and procedures relating
to data collection, storage, transfer, disclosure, protection and privacy, and will impose significant penalties for non-
compliance. For example, penalties calculated as a percentage of global revenue may be imposed under the GDPR. The
compliance requirements of the GDPR affect a number of our businesses, such as AliExpress, Alibaba.com and Alibaba
Cloud. Any failure, or perceived failure, by us to comply with the above and other applicable regulatory requirements or
privacy protection-related laws, rules and regulations could result in reputational damages or proceedings or actions against
us by governmental entities, consumers or others. These proceedings or actions could subject us to significant penalties and
negative publicity, require us to change our data and other business practices, increase our costs and severely disrupt our
business, hinder our global expansion or negatively affect the trading prices of our ADSs, Shares and/or other securities.
While we believe we are compliant with such laws and regulations in all material respects, there are uncertainties with respect to how these laws and regulations will be interpreted, implemented and enforced in practice, especially since many of these laws and regulations only came into effect recently or have not come into effect yet, and we may still be subject to regulatory investigations, fines, suspension of businesses and revocation of licenses. In addition, future interpretation and implementation of these laws and regulations, or additional laws and regulations that may come into effect, may result in significant increase in our compliance costs, force us to change our business practices, adversely affect our business performance as well as subject us to negative publicity, which could harm our reputation among users and negatively affect the trading prices of our ADSs, Shares and/or other securities.

**Security breaches and attacks against our systems and network, and any potentially resulting breach or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.**

Our cybersecurity measures may not detect, prevent or control all attempts to compromise our systems or risks to our systems, including distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Moreover, if we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and Internet operators we rely upon, there is a risk that telecommunications and Internet operators or their business partners may misappropriate our data. Breaches or failures of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or denial-of-service or other interruptions to our business operations. If the security of domain names is compromised, we will be unable to use the domain names in our business operations.

We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving cyber-attacks. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against, these attacks. We could also be subject to an attack, breach or leakage, which we do not discover at the time or the consequences of which are not apparent until a later point in time. We only carry limited cybersecurity insurance, and actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants.

Cyber-attacks may target us, our merchants, consumers, users, customers, key service providers or other participants in our ecosystem, or the communication infrastructure on which we depend. In particular, breaches or failures of our third-party service providers’ systems and cybersecurity measures could also result in unauthorized access to our data and user information. In addition, we develop systems for customers through our cloud or other services. If these systems suffer attacks, breaches and data leakage, whether or not we are involved in managing or operating such systems, we could be subject to negative publicity, potential liabilities and regulatory investigations, including extensive cybersecurity review, which could result in significant losses to us, and materially and adversely affect our reputation, business growth and prospects. We, our third-party service providers and customers that use systems we have developed have been in the past and are likely again in the future to be subject to these types of attacks, breaches and data leakage. For example, in October 2020, Lazada reported a data breach of a legacy RedMart database hosted by a third-party service provider, which resulted in the leakage of certain personal information of 1.1 million RedMart user accounts. Further, in May 2021, a court in China ruled in a criminal case that a software developer illegally collected approximately 1.2 billion pieces of user log-in IDs, alias and phone numbers from the Taobao website using a web crawler, which we discovered and reported to law enforcement in August 2020.

Cyber-attacks and security breaches, whether or not related to our systems or attributable to us, could subject us to negative publicity, regulatory investigations and significant legal and financial liability, harm our reputation and result in substantial revenue loss from lost sales and customer dissatisfaction, materially decrease our revenue and net income, and negatively affect the trading prices of our ADSs and Shares.

**Claims or regulatory actions under competition laws against us may result in our being subject to fines, constraints on our business and damage to our reputation.**

In recent years, the PRC government has stepped up enforcement against concentration of undertakings, cartel activities, monopoly agreements, unfair pricing, abusive behaviors by companies with market dominance and other anti-competitive activities. In December 2020, the PRC central government announced that strengthening anti-monopoly measures and
preventing the disorderly expansion of capital has become one of its focuses in 2021, and the government targets to improve digital regulations and legal standards for the identification of platform enterprise monopolies, for the gathering, usage and management of data, and for the protection of consumer rights.

The PRC government is enhancing its anti-monopoly and anti-unfair competition laws and regulations and guidance. The Online Trading Measures which took effect on May 1, 2021, the amended Anti-monopoly Law which came into effect on August 1, 2022, as well as the Provisions on the Prohibition of Monopoly Agreements, the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions and the Provisions on the Review of Concentration of Undertakings, all of which came into effect on April 15, 2023, among others, impose liabilities on cartel facilitators who aid others in the summation of anti-competitive agreements, clarify that data, algorithms, technologies, platform rules and other measures may not be used for consummation of monopoly agreements, and prohibit platform operators from abuse of dominant market positions. On November 22, 2022, the SAMR published the Draft Amendment to the PRC Anti-unfair Competition Law for public comments, which introduced prohibition against the misuse of a relatively dominant market position and set significant administrative penalties specifically for unfair competitive practices in digital economy. Such laws and regulations:

• provide guidelines for the implementation of anti-monopoly and anti-unfair competition laws and regulations, including prohibition against the abuse of dominant market positions, especially in terms of unreasonable restrictions on transactions, price manipulation, interference with merchants’ independent business operations, false or misleading marketing and the use of technical means to disrupt the normal operations of network products or services legally provided by other business operators and details of the review of concentration of undertakings;

• strengthen enforcement of anti-monopoly and anti-unfair competition laws and regulations, including the regulation of monopolistic behaviors and monopoly agreements and price-related violations as well as assistance in the consummation of monopoly agreements, such as below-cost pricing, price discrimination, manipulation of market prices, fraudulent pricing, entering into monopoly agreements and abuse of dominant market positions through data, algorithms, technology or platform rules, as well as supervision of concentration of undertakings; and

• increase legal liabilities, including greater penalties and criminal liabilities, for violations of anti-monopoly and anti-unfair competition laws and regulations.


The SAMR, together with certain other PRC government authorities have been active in their oversight and the establishment of long-term mechanisms for fair market competition in the sharing consumption industry. While we have conducted self-inspections and undergone self-rectifications, we may still make further changes to our business practices, which may increase our compliance costs and adversely affect our business performance.

To comply with existing laws and regulations and new laws and regulations that may be enacted in the future, as well as administrative guidance and requirements by regulators from time to time, we may need to devote significant resources and efforts, including changing our business and pricing practices, restructuring our businesses and adjusting our investment activities, which may materially and adversely affect our business, growth prospects, reputation and the trading prices of our ADSs, Shares and/or other securities. We may also be subject to regulatory investigations, fines and other penalties, which could materially and adversely affect our business and reputation. The consequences of violating anti-monopoly and anti-unfair competition laws and regulations could be significant, including, for example, fines of up to 50% of revenue, suspension of business and revocation of business licenses. Due to the expansive scope of business activities the anti-monopoly and anti-unfair competition laws and regulations target to regulate, many of our businesses and practices, including our business models, pricing practices, promotional activities and cooperation with business partners, may be subject to regulatory scrutiny and significant penalties. Certain long-standing practices, such as upstream and downstream investments and mergers as well as horizontal investments and mergers, our cross-platform user ID system, data and algorithm applications, our traffic allocation approach and the manners in which we offer payment, logistics and other services to consumers may be subject to challenges by regulators, consumers, merchants and other parties. On December 24, 2020, the SAMR commenced an investigation on us pursuant to the PRC Anti-monopoly Law. Following the investigation, on April 10, 2021, the SAMR issued an administrative penalty decision finding that we violated provisions of the PRC Anti-monopoly Law prohibiting a business operator with a dominant market position from restricting business counterparties through
exclusive arrangements without justifiable cause, and imposed a fine of RMB18.2 billion. The SAMR also issued an administrative guidance, instructing us to implement a comprehensive rectification program, and to file a self-assessment and compliance report to the SAMR for three consecutive years. In addition, the SAMR has imposed and in the future may further impose administrative penalties on various companies including us for failing to duly make filings as to their transactions subject to merger control review by the SAMR. See “— PRC regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions and subject us to fines or other administrative penalties.”

The PRC Anti-monopoly Law and Anti-unfair Competition Law also provide a private right of action for competitors, business partners or customers to bring anti-monopoly and anti-unfair competition claims against companies. In recent years, an increased number of companies have been exercising their right to seek relief under the PRC Anti-monopoly Law, Anti-unfair Competition Law and related judicial interpretations. Some of these companies, including our competitors, business partners and customers, have resorted to and may continue making public allegations or launching media campaigns against us, submitting complaints to regulators or initiating private litigation that targets our and our business partners’ prior and current business practices, such as our market approach with traffic resource allocation on our e-commerce platforms, which we base on multiple factors, and our alleged prior narrowly-deployed exclusive partnerships. For example, another e-commerce player in China has brought suit against us under the PRC Anti-monopoly Law in connection with such alleged exclusive partnership arrangements and is claiming a substantial amount of damages, and there may be other similar litigation in the future. See “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings — JD.com Lawsuit.” In the wake of the April 2021 SAMR administrative penalty decision, there may be other similar litigation in the future, and we may face increased challenges in defending ourselves in existing and future lawsuits brought against us pursuant to the PRC Anti-monopoly Law. If we fail to successfully defend ourselves against these claims, we may be required to pay damages, which may be significant and could materially and adversely affect our business operations, financial results and reputation.

Allegations, claims, investigations, regulatory interviews, unannounced inspections, or other actions or proceedings under the anti-monopoly and anti-unfair competition laws and regulations, regardless of their merits, have caused, and may continue to cause, us to be subject to regulatory actions, such as profit disgorgement and heavy fines, significant amounts of damage payments or settlements, and constraints on our investments and acquisitions. We may be required to make further changes to some of our business practices and divest certain businesses, which could decrease the popularity of our businesses, products and services and cause our revenue and net income to decrease materially. Any of the above circumstances could materially and adversely affect our business, operations, reputation, brand, the trading prices of our ADSs, Shares and/or other securities.

PRC regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions and subject us to fines or other administrative penalties.

Under the PRC Anti-monopoly Law, companies undertaking certain investments and acquisitions relating to businesses in China must notify and obtain approval from the SAMR, before completing any transaction where the parties’ revenues in China exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the other party or any transaction that would otherwise trigger merger control filing obligations. In addition, we need to notify other PRC regulatory authorities if the investment or acquisition is in certain industries. The SAMR, the Cyberspace Administration of China and other regulatory agencies in China are enhancing merger control review in key areas, including national interest and people’s livelihood, finance, technology and media. On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, or the SASAC, the STA, the SAIC, the CSRC, and the SAFE, jointly adopted the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. Under the M&A Rules, the approval of MOFCOM must be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with PRC enterprises or residents. Applicable PRC laws, rules and regulations also require certain merger and acquisition transactions to be subject to security review.

Under the currently effective PRC Anti-monopoly Law, due to the level of our revenues, our proposed acquisition of control of, or decisive influence over, any company with revenues within China of more than RMB400 million in the year prior to any proposed acquisition, would be subject to SAMR merger control review. In addition, a proposed transaction would be subject to SAMR merger control review if we have joint control of or joint decisive influence over any company with another party and where such other party has revenues within China of more than RMB400 million in the year prior to such transaction. Many of the transactions we undertook and may undertake could be subject to SAMR merger review. We have been fined, and expect to be subject to additional fines, which may be significant, for failing to obtain merger control.
approval for past acquisitions. Under the PRC Anti-monopoly Law, we may also be required to make divestitures or be subject to limitations on our business practices and other administrative penalties if regulators determine that we have failed to obtain the required approvals in relation to investments and acquisitions, which could materially and adversely affect our business operations and financial results as well as the trading prices of our ADSs, Shares and/or other securities.

The Provisions of the State Council of the PRC on the Thresholds for Filing of Concentration of Undertakings (Revised Draft for Public Comments) issued by the SAMR on June 27, 2022 propose to significantly raise the filing thresholds with respect to revenue, but at the same time subjecting certain transactions that do not meet the revenue threshold to filing obligations. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Monopoly and Unfair Competition.” If adopted in current form, these provisions may subject transactions involving significant undertaking and between one party with large revenue, like us, and start-up enterprises, to filing obligations. Substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of such draft provisions. The amended PRC Anti-monopoly Law, which became effective on August 1, 2022, significantly raises the maximum fines for failure to file for merger control review, and introduces a “stop-clock mechanism” which may prolong the merger control review process. Furthermore, the Provisions on the Review of Concentration of Undertakings, which came into effect on April 15, 2023, provide detailed rules on how to implement the “stop-clock mechanism,” which allow the SAMR to suspend the calculation of time period for merger control review under various circumstances. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Monopoly and Unfair Competition.” Complying with the requirements of the relevant regulations to complete these transactions could be time-consuming, and any required approval processes, including approval from SAMR, may be uncertain and could delay or inhibit our ability to complete these transactions, which could affect our ability to expand our business, maintain our market share or otherwise achieve the goals of our acquisition strategy.

According to the Regulations on Enterprise Outbound Investment issued by the NDRC in December 2017, which came into effect on March 1, 2018, we may also need to report to the NDRC relevant information on overseas investments with an amount of US$300 million or more in non-sensitive areas, and obtain the NDRC’s approval for our overseas investments in sensitive areas, if any, before the closing of the investments. According to the Overseas Listing Trial Measures, if a Chinese overseas listed company issues overseas listed securities to acquire assets, such issuance shall be subject to filing requirements. See “— Risks Related to Doing Business in the People’s Republic of China — The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing.” Accordingly, these regulations may restrict our ability to make investments in some regions and industries overseas, and may subject any proposed investments to additional delays and increased uncertainty, as well as heightened scrutiny, including after the investments have been made.

Our ability to carry out our investment and acquisition strategy may be materially and adversely affected due to significant regulatory uncertainty as to the timing of receipt of relevant approvals or completion of relevant filings and whether transactions that we may undertake would subject us to fines or other administrative penalties and negative publicity and whether we will be able to complete investments and acquisitions in the future in a timely manner or at all.

We may be subject to liability for content available in our ecosystem that is alleged to be obscene, defamatory, libelous, fraudulent, socially destabilizing or otherwise unlawful.

Under PRC law and the laws of certain other jurisdictions in which we operate, we are required to monitor our websites and the websites hosted on our servers, cloud computing services and mobile apps or interfaces, as well as our services and devices that generate or host content, for items or content deemed to be obscene, superstitious, defamatory, libelous, fraudulent or socially destabilizing, as well as for items, content or services that are illegal to sell online or otherwise in jurisdictions in which we operate our marketplaces and other businesses, and to promptly take appropriate action with respect to the relevant items, content or services. We may also be subject to potential liability in China or other jurisdictions for any unlawful actions of our merchants, marketing customers or users of our websites, cloud computing services or mobile apps or interfaces, or for content we distribute or that is linked from our platforms that is deemed inappropriate. It may be difficult for us to determine the type of content that may result in liability to us. The nature and scale of our websites, mobile apps and platforms, such as our cloud computing services, which allow users to upload and save massive data on our cloud data centers, social communities on our marketplaces and DingTalk, such as livestreams and other interactive media content on Taobao and Tmall, and Youku, which allow users to upload videos and other content to our websites, mobile apps and platforms, generally referred to as user-generated content, may make this even more difficult. Due to the significant amount of content uploaded by our users, we may not be able to identify all the videos or other content that may violate relevant laws and regulations. If any of the information disseminated through our marketplaces, websites, mobile apps or other businesses we operate, including videos and other content (including user-generated content), or any content that we have produced or
acquired, are deemed by the PRC government to violate any content restrictions, we would not be able to continue to display or distribute this content and could suffer losses or become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. Our livestreaming, short-form videos and interactive content businesses are subject to heightened risks and challenges associated with content liability. Moreover, PRC regulators have enhanced enforcement against illegal content and information on Internet platforms and have imposed more stringent obligations on Internet platforms, such as us. For example, the Cyberspace Administration of China has launched a series of “Cleaning Up the Internet” campaigns with special focus on livestreaming, short-form videos, content for minors, fandom culture, Internet rumors and Internet account operations. As a result, our compliance costs may increase and we may be subject to regulatory actions and penalties. If we are unable to manage these risks, we could become subject to penalties, including regulatory actions, significant fines, suspension of business, revocation of required licenses and prohibition against new user registration, and our reputation, results of operations and financial condition could be materially and adversely affected.

Furthermore, compliance requirements are complicated and evolving, and may require us to implement different protections based on the type of content and intended audience. For example, the Regulations on the Administration of Minors Program, or the Minors Program Regulation, promulgated by the National Radio and Television Administration of China, or the NRTA, which came into effect on April 30, 2019 and amended on October 8, 2021, provides that radio and television broadcasters and online audiovisual program service providers shall establish relevant protocols and review content of minor-oriented programs to ensure that they do not contain violence, obscenity, superstition, social disruption, drug abuse or other prohibited elements. Furthermore, the Opinions on Standardizing the Virtual Gifting of Livestreaming and Strengthening the Protection of Minors issued by the Cyberspace Administration of China and several other PRC governmental authorities require platforms not to provide livestreaming hosting services to minors under the age of 16 and adopt “teenager modes” to prevent minors from obsession, block unsuitable content to minors and refrain from providing virtual gift purchase services to minors. We may incur significant compliance costs and be subject to significant regulatory penalty for failure to comply with these requirements. If we are found to be liable for content displayed or hosted on or even hyperlinked to our services and platforms, we may be subject to negative publicity, fines, have our relevant business operation licenses revoked, or be prevented temporarily or for an extended period of time from operating our websites, mobile apps, interfaces or businesses in China or other jurisdictions, which could materially and adversely affect our business and results of operations.

Certain consolidated entities of our digital media and entertainment business brought in state-owned minority strategic investors. Such shareholder has the right to appoint a director of the relevant consolidated entity and other rights including certain veto rights over the content review processes. Market perception of this and other similar arrangements may affect the trading prices of our ADSs, Shares and/or other securities. In the future, our businesses that generate or distribute content may be subject to greater governmental oversight or comply with other regulatory requirements.

In addition, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including death and personal injury), other unlawful activity or other theories and claims based on the nature and content of information posted on our platforms, including user-generated content, product reviews and message boards, by our consumers, merchants and other participants. Regardless of the outcome of any dispute or lawsuit, we may suffer from negative publicity and reputational damage as a result of these actions.

We may be subject to claims under consumer protection laws, including health and safety claims and product liability claims, if property or people are harmed by the products and services sold through our platforms.

Government authorities in the PRC and other countries where we operate, media outlets and public advocacy groups are increasingly focused on consumer protection. Operators of e-commerce platforms are subject to certain provisions of consumer protection laws even where the operator is not the merchant of the product or service purchased by the consumer. For example, under the E-commerce Law, we may be held jointly liable with the merchants if we fail to take necessary actions when we know or should have known that the products or services provided by the merchants on our platforms do not meet personal and property security requirements, or otherwise infringe upon consumers’ legitimate rights. Applicable consumer protection laws in China also hold that trading platforms will be held liable for failing to meet any undertaking that the platforms make to consumers with regard to products listed on their websites. Furthermore, we are required to report to the SAMR or its local branches any violation of applicable laws, regulations or SAMR rules by merchants or service providers, such as sales of goods without proper license or authorization, and we are required to take appropriate remedial measures, including ceasing to provide services to the relevant merchants or service providers. According to the Online Trading Measures, we are also required to verify and update each merchant’s profile on a regular basis and monitor their market participant registration status. Therefore, we may be held liable if we fail to verify the licenses or qualifications of merchants, or fail to safeguard consumers with respect to products or services affecting consumers’ health or safety. Furthermore, under the PRC Minors’ Protection Law, network product and service providers shall not provide products or
services that induce minors to obsession, or otherwise may be subject to rectification, warning or penalties including confiscation of income, fines, suspension of business, shutdown of websites and revocation of relevant licenses. On March 14, 2022, the Cyberspace Administration of China released the draft Regulations on the Protection of Minors on the Network for public comments, which stipulate that important Internet platforms with large number of minor users and significant influence among minors must fulfill their obligations, including but not limited to establishing a protocol to oversee the protection of minors online and carrying out periodic impact assessment, adopting “teenager modes” for minors, and suspending services to providers of products or services on the platform who seriously violate laws and regulations and harm minors’ rights and interests. On September 2, 2022, the Standing Committee of the National People’s Congress promulgated the Anti-Telecom and Online Fraud Law of PRC, effective on December 1, 2022, which stipulates that Internet service providers may not provide assistance to telecom and online fraud and must strengthen internal control mechanisms to prevent and curb telecom and online fraud, including verifying user identities, timely and proper handling of abnormal accounts, enhancing protection of key information vulnerable to fraud and enhancing risk and security assessment for new businesses. Failure to comply with these requirements may subject us to warnings, public denouncement, fines, suspension of business, rectification orders, shutdown of websites and applications and revocation of relevant licenses, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, our businesses provide food, food delivery, food supplements and beverages, mother care, cosmetics, baby care, pharmaceutical and healthcare products and services, as well as electronics products, both as a platform operator and as part of our directly operated business. We have also invested in companies involved in these sectors. These activities pose increasing challenges to our internal control and compliance systems and procedures, including our control over and management of third-party service personnel, and expose us to substantial increasing liability, negative publicity and reputational damage arising from consumer complaints, harm to personal health or safety or accidents involving products or services offered through our platforms or provided by us. For example, China’s Supreme People’s Court issued its interpretation of certain laws, including food safety laws and consumer protection laws, on December 8, 2020, and issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Online Consumption Disputes (I) on March 1, 2022, which took effect on March 15, 2022. According to these judicial interpretations, livestreaming platform operators and online catering service platform operators are responsible for verifying the qualifications and licenses of livestreamers selling food product and online food operators, respectively, and they may be held jointly liable with the merchants on their respective platforms for damages incurred by consumers caused by defects in foods purchased on their platforms, if these operators fail to fulfill certain requirements and obligations. In addition, e-commerce platform operators shall be held liable as the product seller or service provider if the labels used mislead consumers to believe that the product or service is provided by the e-commerce platform, even if such product or service is in fact provided by third parties. See also “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Online and Mobile Commerce.”

New laws and regulations on consumer protection may be introduced in China and other jurisdictions where we operate and impose more requirements on operators of e-commerce and livestreaming platforms. For example, PRC regulatory authorities promulgated several regulations on livestreaming activities, including the Administrative Measures on Online Livestreaming Marketing (Trial), which came into effect on May 25, 2021, which require livestreaming platforms to take actions such as limiting traffic and suspending livestreaming involving illegal high-risk marketing activities, and prominently alert users of the risks involved in transactions that are conducted outside livestreaming platforms. See also “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Online and Mobile Commerce.” These regulations on e-commerce and livestreaming activities may impose additional operational burdens on us, result in increased compliance costs and liability to us and subject us to negative publicity.

In addition, we are facing increasing levels of activist litigation in China by plaintiffs claiming damages based on consumer protection laws. This type of activist litigation could increase in the future, and if it does, we could face increased costs defending these suits and damages should we not prevail, which could materially and adversely affect our reputation and brand and our results of operations.

We may also face increasing scrutiny from consumer protection regulators and activists, as well as increasingly become a target for litigation, in the United States, Europe and other jurisdictions. For example, our AliExpress platform faces claims related to consumer protection in the United States, and member groups of the European Consumer Organization’s BEUC network have expressed concerns about certain consumer rights related to product returns and dispute resolution with respect to transactions conducted on our AliExpress platform and requested a review of these consumer rights by their national consumer protection agencies. We only maintain product liability insurance for certain businesses we operate, and do not maintain product liability insurance for products and services transacted on our marketplaces, and our rights of indemnity from the merchants in our ecosystem may not adequately cover us for any liability we may incur. Consumer complaints and associated negative publicity could materially and adversely harm our reputation and affect our business expansion. Claims brought against us under consumer protection laws, even if unsuccessful, could result in significant expenditure of funds and
diversion of management time and resources, which could materially and adversely affect our business operations, net income and profitability.

We have been and expect to continue to be subject to allegations, investigations, lawsuits, liabilities and negative publicity claiming that items listed and content available in our ecosystem infringe intellectual property rights of third parties or are illegal.

We have been and expect to continue to be the subject of allegations that products or services offered, sold or made available through our online marketplaces by third parties or that content made available on our platforms, including content available through our digital media and entertainment business, search business, online reading platform, mobile apps and the services they provide. In addition, we expect our ecosystem to involve more and more user-generated content, including the entertainment content on Youku and our smart speakers, the interactive media content displayed on Taobao and Tmall, including livestreams and short-form videos, as well as the data generated, uploaded and saved by users of our cloud services, over which we have limited control. Such content may subject us to claims for infringement of third-party intellectual property rights, or subject us to additional scrutiny by the relevant government authorities. These claims or scrutiny, whether or not having merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but these licenses may not be available on terms acceptable to us or at all. These risks have been amplified by the increase in the number of third parties whose sole or primary business is to assert these claims.

Measures we take to protect against these potential liabilities could require us to spend substantial additional resources and/or result in reduced revenues. In addition, these measures may reduce the attractiveness of our ecosystem to consumers, merchants, brands, retailers and other participants. A merchant, brand, retailer, online marketer, livestreamer, music or video service provider or other content provider whose content is removed or whose services are suspended or terminated by us, regardless of our compliance with the applicable laws, rules and regulations, may dispute our actions and commence action against us for damages based on breach of contract or other causes of action, make public complaints or allegations or organize group protests and publicity campaigns against us or seek compensation. Any costs incurred as a result of liability or compensation claims, allegations or assertions of liability relating to the sale of unlawful goods or other infringement could harm our business.

Regulators in China and other jurisdictions, including the United States, are increasingly seeking to hold Internet platforms liable for product liability, illegal listings and inappropriate content. We have been and may continue to be subject to significant negative publicity, regulatory scrutiny, investigations and allegations of civil or criminal penalties based on allegedly unlawful activities or unauthorized distribution of products or content, such as pharmaceuticals, carried out by third parties through our online marketplaces. Due to our role as an operator of online marketplaces, we will also become subject to criminal liabilities or civil liabilities if we are found to have knowingly provided assistance or support, such as Internet access, server escrow or online storage services, commerce facilitation services, payment services or logistics services, or were negligent in not preventing, a third party from using our marketplaces and services to commit certain illegal activities, such as unauthorized sale of pharmaceuticals. The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any of these proceedings could cause us to pay penalties or damages, incur legal and other costs, limit our ability to conduct business, or subject us to supervision by a third-party government appointed monitor or require us to change the manner in which we operate and harm our reputation. We have also acquired certain companies, such as Youku, Lazada and Ele.me, that from
time to time are subject to allegations and lawsuits regarding alleged infringement of third-party intellectual property or other rights, and we may continue to acquire other companies that are subject to similar disputes.

In addition, we have been and may continue to be subject to significant negative publicity in China, the United States and other countries based on similar claims and allegations. For example, in past years and again in January 2023, the USTR identified Taobao and AliExpress each as a “notorious market.” The USTR may continue to identify Taobao and AliExpress as notorious markets, and there can be no assurance that the USTR or other relevant authorities in the United States or other countries will not identify Taobao, AliExpress or any of our other businesses as notorious markets in the future. In addition, government authorities have and we expect them to continue to accuse us of perceived problems and failures of our platforms, including alleged failures to crack down on the sale of counterfeit goods and other alleged illegal activities on our marketplaces. As a result of any claims or accusations by government authorities, by industry watchdog organizations, including the U.S. Commission on the Theft of American Intellectual Property, by brand and intellectual property rights holders or by enterprises, there may be a public perception that counterfeit or pirated items are commonplace on our marketplaces or that we delay the process of removing these items. This perception, even if factually incorrect, and existing or new litigation as well as regulatory pressure or actions related to intellectual property rights protection, could damage our reputation, harm our business, diminish the value of our brand name and negatively affect the trading prices of our ADSs, Shares and/or other securities.

We may be subject to material litigation and regulatory proceedings.

We have been involved in a high volume of litigation in China and a small volume of potentially high-value litigation outside of China relating principally to securities law class actions, third-party and principal intellectual property infringement claims, contract disputes involving merchants and consumers on our platforms, consumer protection claims, claims relating to data and privacy protection, employment related cases and other matters in the ordinary course of our business. As our ecosystem expands, including across jurisdictions and through the addition of new businesses, we have encountered and may face an increasing number and a wider variety of these claims, including those brought against us pursuant to anti-monopoly or anti-unfair competition laws or involving high amounts of alleged damages. Laws, rules and regulations may vary in their scope and overseas laws and regulations may impose requirements that are more stringent than, or which conflict with, those in China. We have acquired and may acquire companies that have been subject to or may become subject to litigation, as well as regulatory proceedings. In addition, in connection with litigation or regulatory proceedings we may be subject to in various jurisdictions, we may be prohibited by laws, regulations or government authorities in one jurisdiction from complying with subpoenas, orders or other requests from courts or regulators of other jurisdictions, including those relating to data held in or with respect to persons in these jurisdictions. Our failure or inability to comply with the subpoenas, orders or requests could subject us to fines, penalties or other legal liability, which could have a material adverse effect on our reputation, business, results of operations, the trading prices of our ADSs, Shares and/or other securities.

As publicly listed companies, we and certain of our subsidiaries face additional exposure to claims and lawsuits, as well as threatened claims and lawsuits, inside and outside of China. In particular, since Ant Group’s announcement of the suspension of its IPO in early November 2020, we and certain of our current and former officers and directors were named as defendants in certain shareholder class action lawsuits in the United States. Certain of these suits also assert claims related to our alleged failure to disclose non-compliance with certain Chinese antitrust laws and regulations. See “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings — Shareholder Class Action Lawsuits” for more details about the shareholder class action lawsuits. Although the court has dismissed the claim alleging misstatements about Ant Group’s IPO, the litigation process of defending against such lawsuits, including any appeals, may utilize a material portion of our cash resources and divert management’s attention away from our day-to-day operations, all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material adverse effect on our reputation, business and results of operations. In addition, although we have obtained directors’ and officers’ liability insurance, the insurance coverage may not be adequate to cover our obligations to indemnify our directors and officers, fund a settlement of litigation in excess of insurance coverage or pay an adverse judgment in litigation.

In early 2016, the SEC informed us that it had initiated an investigation into whether there have been any violations of the federal securities laws. The SEC has requested that we voluntarily provide it with documents and information relating to, among other things, our consolidation policies and practices (including our prior practice of accounting for Cainiao Network as an equity method investee), our policies and practices applicable to related party transactions in general, and our reporting of operating data from the 11.11 Global Shopping Festival. We are cooperating with the SEC and, through our legal counsel, have been providing the SEC with requested documents and information. The SEC advised us that the initiation of a request for information should not be construed as an indication by the SEC or its staff that any violation of the federal securities laws
laws has occurred. This matter is ongoing, and, as with any regulatory proceeding, we cannot predict when it will be concluded.

The existence of litigation, claims, investigations and proceedings may harm our reputation, limit our ability to conduct our business in the affected areas and adversely affect the trading prices of our ADSs, Shares and/or other securities. The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any litigation, investigation or proceeding could cause us to pay damages, incur legal and other costs, limit our ability to conduct business or require us to change the manner in which we operate.

Failure to maintain or improve our technology infrastructure could harm our business and prospects.

We are continuously upgrading our platforms to provide increased scale, improved performance, additional capacity and additional built-in functionality, including functionality related to security. Adopting new products and maintaining and upgrading our technology infrastructure require significant investments of time and resources. Any failure to maintain and improve our technology infrastructure could result in unanticipated system disruptions, slower response times, impaired user experience and delays in reporting accurate operating and financial information. The risks of these events occurring are even higher during certain periods of peak usage and activity, such as on or around the 11.11 Global Shopping Festival or other promotional events, when user activity and the number of transactions are significantly higher on our marketplaces compared to other days of the year. In addition, much of the software and interfaces we use are internally developed and proprietary technology. If we experience problems with the functionality and effectiveness of our software, interfaces or platforms, or are unable to maintain and continuously improve our technology infrastructure to handle our business needs, our business, financial condition, results of operations and prospects, as well as our reputation and brand, could be materially and adversely affected.

In addition, our technology infrastructure and services, including our cloud product and service offerings, incorporate third-party-developed software, systems and technologies, as well as hardware purchased or commissioned from third-party and overseas suppliers. As our technology infrastructure and services expand and become increasingly complex, we face increasingly serious risks to the performance and security of our technology infrastructure and services that may be caused by these third-party-developed components, including risks relating to incompatibilities with these components, service failures or delays or difficulties in integrating back-end procedures on hardware and software. We also need to continuously enhance our existing technology. Otherwise, we face the risk of our technology infrastructure becoming unstable and susceptible to security breaches. This instability or susceptibility could create serious challenges to the security and operation of our platforms and services, which would materially and adversely affect our business and reputation.

The successful operation of our business depends upon the performance, reliability and security of the Internet infrastructure in China and other countries in which we operate.

Our business depends on the performance, reliability and security of the telecommunications and Internet infrastructure in China and other countries in which we operate. Substantially all of our computer hardware and a majority of our cloud computing services are currently located in China. Almost all access to the Internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. We may face similar or other limitations in other countries in which we operate. We may not have access to alternative networks in the event of disruptions, failures or other problems with the Internet infrastructure in China or elsewhere. In addition, the Internet infrastructure in the countries in which we operate may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites and mobile apps. We have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our margins could be adversely affected and the development and growth of our business could also be materially and adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user base may decrease, which in turn may significantly decrease our revenues.

Our ecosystem could be disrupted by network interruptions.
Our ecosystem depends on the efficient and uninterrupted operation of our computer and communications systems. System interruptions and delays may prevent us from efficiently processing the large volume of transactions on our marketplaces and other businesses we operate. In addition, a large number of merchants and customers maintain their important systems, such as enterprise resource planning and customer relationship management systems, on our cloud computing platform, which contains substantial quantities of data that enable them to operate and manage their businesses. Increasing media and entertainment content on our platforms also requires additional network capacity and infrastructure to process. Consumers expect our media and entertainment content to be readily available online, and any disruptions or delay to the delivery of content could affect the attractiveness and reputation of our media and entertainment platforms.

We and other participants in our ecosystem, including Ant Group, have experienced, and may experience in the future, system interruptions and delays that render websites, mobile apps and services (such as cloud services and payment services) temporarily unavailable or slow to respond. Although we have prepared for contingencies through redundancy measures and disaster recovery plans and also carry business interruption insurance, these preparations and insurance coverage may not be sufficient. Despite any precautions we may take, the occurrence of a natural disaster, including the effects of climate change (such as drought, floods and increased storm severity), or other unanticipated problems at our facilities or the facilities of Ant Group and other participants in our ecosystem, including power outages, system failures, telecommunications delays or failures, construction accidents, break-ins to IT systems, computer viruses or human errors, could result in delays in or temporary outages of our platforms or services, loss of our, consumers’ and customers’ data and business interruption for us and our customers. Any of these events could damage our reputation, significantly disrupt our operations and the operations of the participants in our ecosystem and subject us to liability, heightened regulatory scrutiny and increased costs, which could materially and adversely affect our business, financial condition and results of operations.

We rely on Alipay to conduct substantially all of the payment processing and all of the escrow services on our marketplaces. If services and products provided by Alipay or Ant Group’s other businesses are limited, restricted, curtailed or degraded in any way, or become unavailable to us or our users for any reason, our business may be materially and adversely affected.

Ant Group offers a variety of services and products that have become essential parts of the services and experience we offer to consumers and merchants on our platforms. These services and products are critical to our marketplaces and the development of our ecosystem. In particular, given the significant transaction volume on our platforms, Alipay provides convenient payment processing and escrow services to us on preferential terms. We also leverage the convenience, availability and ease of use of Alipay and Ant Group’s other products and services, such as consumer loans and insurance, to provide high quality experience and services to users, merchants and other participants in our ecosystem. If the availability, quality, utility, convenience or attractiveness of Alipay’s and Ant Group’s other services and products declines or changes for commercial, regulatory, compliance or any other reason, the attractiveness of our marketplaces and the level of activities on our marketplaces could be materially and adversely affected.

Particularly, Alipay’s business is subject to a number of risks that could materially and adversely affect its ability to provide payment processing and escrow services to us, including:

- dissatisfaction with Alipay’s services or lower use of Alipay by consumers, merchants, brands and retailers;
- increasing competition, including from other established Chinese Internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to Alipay;
- breach of users’ privacy and concerns over the use and security of information collected from customers and any related negative publicity relating thereto;
- service outages, system failures or failure to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to Alipay, including fees charged by banks to process transactions through Alipay, which would also increase our cost of revenues;
- negative news about and social media coverage on Alipay, its business, its product and service offerings or matters relating to Alipay’s data security and privacy; and
- failure to manage user funds accurately or loss of user funds, whether due to employee fraud, security breaches, technical errors or otherwise.

In addition, certain commercial banks in China impose limits on the amounts that may be transferred by automated payment from users’ bank accounts to their linked accounts with third-party payment services. Although we believe the impact of these restrictions has not been and will not be significant in terms of the overall volume of payments processed for Taobao
and Tmall, and automated payment services linked to bank accounts represent only one of many payment mechanisms that consumers may use to settle transactions, we cannot predict whether these and any additional restrictions that could be put in place would have a material adverse effect on our marketplaces.

Alipay’s and Ant Group’s other businesses are highly regulated and are required to comply with numerous complex and evolving laws, rules and regulations, including in the areas of online and mobile payment services, wealth management, financing, cross-border money transmission, anti-money laundering, consumer protection and insurance. As Alipay and Ant Group’s other businesses expand their businesses and operations into more international markets, they will become subject to additional legal and regulatory risks and scrutiny. For example, Alipay or Ant Group’s other affiliates are required to maintain payment business licenses in the PRC and are also required to obtain and maintain other applicable payment, money transmitter or other related licenses and approvals in other countries or regions where they operate. In certain jurisdictions where Ant Group currently does not have the required licenses, Ant Group provides payment processing and escrow services through third-party service providers. If Ant Group or any of its partners fails to obtain and maintain all required licenses and approvals or otherwise fails to manage the risks relating to their businesses, if new laws, rules or regulations come into effect that impact Ant Group or its partners’ businesses, or if any of Ant Group’s partners ceases to provide services to Ant Group, its services could be suspended or severely disrupted, and its ability to continue to deliver payment services to us on preferential terms and other services and products to our consumers, merchants and other ecosystem participants may be undermined. Furthermore, our commercial arrangements with Alipay and Ant Group may be subject to anti-competition challenges. If we need to migrate to another third-party payment service or significantly expand our relationship with other third-party payment services, the transition would require significant time and management resources, and the third-party payment service may not be as effective, efficient or well-received by consumers, merchants, brands and retailers on our marketplaces. These third-party payment services also may not provide escrow services, and we may not be able to receive commissions based on GMV settled through these systems. We would also receive less, or lose entirely, the benefit of the commercial agreement with Ant Group and Alipay and may be required to pay more for payment processing and escrow services than we currently pay. There can be no assurance that we would be able to reach an agreement with an alternative payment service provider on acceptable terms or at all, and our business, financial condition and results of operations may be materially and adversely affected.

Because of our equity interest in Ant Group, Ant Group’s financial results and valuation may materially affect our financial results and the trading prices of our ADSs, Shares and/or other securities. Moreover, because of our close association with Ant Group and overlapping user bases, regulatory developments, litigation or proceedings, media and other reports, whether or not true, and other events that affect Ant Group could also negatively affect customers’, regulators’, investors’ and other third parties’ perception of us. For example, shortly after Ant Group’s announcement of the suspension of its proposed dual-listing and IPO in November 2020, the trading prices of our ADSs and Shares declined significantly. In addition, Ant Group has been in discussions with PRC regulators about its business rectification plan, and on April 12, 2021, Ant Group announced that it would apply to set up a financial holding company to ensure its financial-related businesses are fully regulated. To implement the rectification plan and comply with applicable new measures and rules, Ant Group may be required to spend significant time and resources and make changes to its businesses, which could materially and adversely affect its business operations and growth prospects. On July 7, 2023, PRC regulators announced a RMB7.07 billion fine for Ant Group and Ant Group has completed the related work on the rectification. Changes in Ant Group’s business and future prospects, or speculation of such changes, as well as additional regulatory requirements placed on Ant Group, could in turn have a material adverse effect on us and the trading prices of our ADSs, Shares and/or other securities.

We do not control Alipay or its parent entity, Ant Group, over which Jack Ma effectively controls more than 50% of the voting interests. If conflicts that could arise between us and Alipay or Ant Group are not resolved in our favor, our ecosystem, business, financial condition, results of operations and prospects may be materially and adversely affected.

We rely on Alipay to conduct substantially all of the payment processing and all of the escrow services on our marketplaces. Ant Group also facilitates other financial services to participants in our ecosystem, including wealth management, financing (including consumer financing) and insurance, and may offer additional services in the future. Starting from September 2019, we hold a 33% equity interest in Alipay’s parent, Ant Group, and also have the right to nominate two directors for election to the board of Ant Group. However, we do not hold a majority interest in or control Ant Group or Alipay. Following the 2011 divestment and subsequent equity holding restructuring related to Ant Group, an entity wholly-owned by Jack Ma, our former executive chairman, became the general partner of Junhan and Junao, each a PRC limited partnership, which are two major equity holders of Ant Group. In August 2020, Jack Ma transferred 66% of the equity interest in such general partner entity but retained control over the equity interests in Ant Group held by Junhan and Junao. Through an agreement with the transferees as well as the articles of association of the general partner entity, Jack Ma has control over resolutions passed at general meetings of the general partner entity that relate to the exercise of rights by Junhan and Junao as shareholders of Ant Group. We understand that through the exercise of his voting power over Junhan and Junao, Jack Ma continues to control
more than 50% of the voting interests in Ant Group. On January 7, 2023, Ant Group announced that Junhan and Junao would undergo certain changes in their voting structures, which are subject to regulatory approval. Upon completion of such changes, Jack Ma will no longer control the majority voting interests in Ant Group held by Junhan and Junao and no shareholder will have control over Ant Group. If for any reason, Alipay sought to amend the terms of its agreements and arrangements with us, there can be no assurance that we will be able to negotiate terms that are no less favorable than those we currently enjoy, and as a result, our ecosystem could be negatively affected, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Other conflicts of interest between us, on the one hand, and Alipay and Ant Group, on the other hand, may arise relating to commercial or strategic opportunities or initiatives. Although we and Ant Group have each agreed to certain non-competition undertakings, Ant Group may from time to time provide services to our competitors or engage in certain businesses that fall within our scope, and there can be no assurance that Ant Group would not pursue other opportunities that would conflict with our interests. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries — Our Commercial Arrangements with Ant Group and Alipay — Restructuring of Our Relationship with Ant Group and Alipay, 2019 Equity Issuance, and Related Amendments — Non-competition Undertakings.” Jack Ma may not resolve these conflicts in a manner that is in our interests. Furthermore, our ability to explore alternative payment services other than Alipay for our marketplaces may be constrained due to Jack Ma’s relationship with Ant Group.

In addition, certain of our employees hold share-based awards granted by Junhan, a major equity holder of Ant Group, and Ant Group, and certain employees of Ant Group hold share-based awards granted by us. The share-based awards granted by Junhan and Ant Group to our employees result in expenses that are recognized by us, and because of mark-to-market accounting treatment, changes in the fair value of these awards will affect the amount of share-based compensation expense that we recognize. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries — Our Commercial Arrangements with Ant Group and Alipay — Share-based Award Arrangements.” Subject to the approval of our audit committee, Junhan and Ant Group could propose and promote other cross-grant arrangements that could result in additional share-based grants, and additional, potentially significant, expenses to us. Conflicts of interest may arise from our management team members’ and other employees’ ownership of interests in Ant Group, which could represent a substantial portion of their personal wealth. Accordingly, these and other potential conflicts of interest between us and Ant Group or Alipay, and between us and Jack Ma or Junhan or Junao, may not be resolved in our favor, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, any actual or perceived conflict of interest between us and Ant Group, or any other company integral to the functioning of our ecosystem, could also materially harm our reputation as well as our business and prospects.

*If third-party service providers and other participants in our ecosystem fail to provide reliable or satisfactory services or comply with applicable laws or regulations, our reputation, business, financial condition and results of operations may be materially and adversely affected.*

Ant Group and a number of other third-party participants, including retail operating partners, logistics service providers, mobile app developers, independent software vendors, or ISVs, cloud-based developers, marketing affiliates, livestreaming hosts and key opinion leaders, or KOLs, and various professional service providers, provide services to users on our platforms, including consumers, merchants, brands, retailers and users of our cloud computing services. To the extent these ecosystem participants and service providers are unable to provide satisfactory services to our users on commercially acceptable terms, or at all, or if we fail to retain existing or attract new quality service providers to our platforms, our ability to retain, attract or engage our users may be severely limited, which may have a material and adverse effect on our business, financial condition and results of operations. In addition, we share our user data with certain of these third-party service providers in our ecosystem in accordance with our privacy policies, agreements and applicable laws. These third-party service providers and ecosystem participants may engage in a broad range of other business activities on and outside of our platforms, and may have broad user bases and social influence that create substantial business opportunities and economic returns to themselves and our business. If they engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our ecosystem, including, for example, the leakage or negligent use of data, the handling, transport and delivery of prohibited or restricted content or items, or if these participants cease their business relationship with us or fail to perform their contractual obligations, fail to comply with any laws, regulations or government requirements, cause any property damage or personal injuries, or users are otherwise dissatisfied with their service quality on or off our platforms, we could suffer loss of business and revenue, reputational harm or regulatory investigations or liabilities, even if these activities are not related to, attributable to or caused by us, or within our control.
If logistics service providers used by our merchants fail to provide reliable logistics services, or the logistics data platform operated by Cainiao were to malfunction, suffer an outage or otherwise fail, our business and prospects, as well as our financial condition and results of operations, may be materially and adversely affected.

Our merchants use third-party logistics service providers as well as Cainiao to fulfill and deliver their orders. Cainiao cooperates with a number of third-party logistics service providers and leverages its proprietary logistics services to help merchants on our platforms fulfill orders and deliver their products to consumers. We operate Cainiao’s logistics data platform that links our information system and those of logistics service providers. Because of our platform model, interruptions to or failures in logistics services, or in Cainiao’s logistics data platform, could prevent the timely or proper delivery of products to consumers, which would negatively impact our competitive position as well as harm the reputation of our ecosystem and the businesses we operate. In addition, certain of our businesses, including Lazada, operate and provide logistics services to merchants within our ecosystem and may experience interruptions or failures to timely and properly deliver products to consumers. These interruptions or failures may be due to events that are beyond the control of any of our companies, Cainiao or these logistics service providers, such as inclement weather, natural disasters including the effects of climate change (such as drought, floods and increased storm severity), the COVID-19 pandemic, other pandemics or epidemics, armed conflicts, accidents, transportation disruptions, including special or temporary restrictions or closings of facilities or transportation networks due to regulatory or political reasons, or labor unrest or shortages. These logistics services could also be affected or interrupted by business disputes, industry consolidation, insolvency or government shutdowns. The merchants in our ecosystem may not be able to find alternative logistics service providers to provide logistics services in a timely and reliable manner, or at all. We do not have agreements with third-party logistics service providers that require them to offer services to our merchants. If the logistics data platform operated by Cainiao were to fail for any reason, the logistics service providers would be severely hindered from connecting or unable to connect with our merchants, and their services and the functionality of our ecosystem could be severely affected. If the products sold by merchants in our ecosystem are not delivered in proper condition, on a timely basis or at shipping rates that are commercially acceptable to marketplace participants, our business and prospects, as well as our financial condition and results of operations could be materially and adversely affected.

We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business.

Our future success is significantly dependent upon the continued service of our key executives and other key employees, particularly in new business areas we are expanding into, such as direct sales, local consumer services and international commerce. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff. For example, Jack Ma, our lead founder, who has been crucial to the development of our vision, culture and strategic direction, completed his term as a director of our company in September 2020, and is no longer a member of our board or management team, although he continues to be a partner of the Alibaba Partnership. This and similar retirements and successions could result in disruptions, or perceived disruptions, in our operations and the execution of our strategy.

As our business develops and evolves, it may become difficult for us to continue to retain our employees. In particular, our Reorganization may negatively affect our ability to retain key talents and result in reduction in our workforce. A number of our employees, including many members of management, may choose to pursue other opportunities outside of us. If we are unable to motivate or retain these employees, our business may be severely disrupted and our prospects could suffer.

The size and scope of our ecosystem also require us to hire and retain a wide range of capable and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels, including members of management, as we expand our business and operations. Our various incentive initiatives may not be sufficient to retain our management and employees. Competition for talent in our industry is intense, and the availability of suitable and qualified candidates in China and elsewhere is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth.

Failure to deal effectively with fraudulent or illegal activities by our employees, business partners or service providers would harm our business.

Illegal, fraudulent, corrupt or collusive activities or misconduct, whether actual or perceived, by our employees, representatives, agents, business partners or service providers could subject us to liability or negative publicity, which could
severely damage our brand and reputation. We have a zero-tolerance policy towards fraudulent and illegal conduct, and have dismissed and assisted in the investigations, arrests and prosecutions of employees who engaged such conduct. We have implemented and continue to improve internal controls and policies with regard to the review and approval of merchant accounts, interactions with business partners and government officials, account management, sales activities, data security and other relevant matters. However, there can be no assurance that our controls and policies will prevent fraud, corrupt or illegal activity or misconduct by our employees, representatives, agents, business partners or service providers or that similar incidents will not occur in the future. As we expand our operations in China and other jurisdictions, in particular our businesses that provide services to governments and public institutions, we are subject to additional internal control and compliance requirements relating to corrupt and other illegal practices by our employees, representatives or agents, and we may also be held liable for such misconduct or other misconduct by our business partners and service providers. Alleged or actual failure to comply or ensure our employees, representatives, agents, business partners and service providers to comply with these requirements could subject us to regulatory investigations and liabilities, which would materially and adversely affect our business operations, customer relationships, reputation and the trading prices of our ADSs and/or Shares.

Failure to deal effectively with any fraud perpetrated and fictitious transactions conducted in our ecosystem, and other sources of customer dissatisfaction, could harm our business.

We face risks with respect to fraudulent activities on our marketplaces and in connection with other businesses we operate, and we periodically receive complaints from consumers who may not have received the goods that they had purchased, complaints from merchants who have not received payment for the goods that a consumer had contracted to purchase, as well as other types of actual and alleged fraudulent activities. See “Item 4. Information on the Company — B. Business Overview — Customer Services and Protection” for more details about the measures we have adopted against fraudulent activities. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our marketplaces and in connection with other businesses we operate, there can be no assurance that these measures will be effective in combating fraudulent transactions or improving overall satisfaction among our consumers, merchants and other participants. Additional measures that we take to address fraud could also negatively affect the attractiveness of our marketplaces and other businesses we operate to consumers or merchants. In addition, merchants on our marketplaces contribute to a fund to provide consumer protection guarantees. If our merchants do not perform their obligations under these programs, we may use funds that have been deposited by merchants in a buyer protection fund to compensate consumers. If the amounts in the fund are not sufficient, we may choose to compensate consumers for losses, although currently we are not legally obligated to do so. If, as a result of regulatory developments, we are required to compensate consumers, we would incur additional expenses. Although we have recourse against our merchants for any amounts we incur, there can be no assurance that we would be able to collect these amounts from our merchants.

In addition to fraudulent transactions with legitimate consumers, merchants may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their own ratings on our marketplaces, reputation and search results rankings, an activity sometimes referred to as “brushing.” This activity may harm other merchants by enabling the perpetrating merchant to be favored over legitimate merchants, and may harm consumers by deceiving them into believing that a merchant is more reliable or trusted than the merchant actually is.

Government authorities, industry watchdog organizations or other third parties may issue reports or engage in other forms of public communications concerning alleged fraudulent or deceptive conduct on our platforms. Negative publicity and user sentiment generated as a result of these reports or allegations could severely diminish consumer confidence in and use of our services, reduce our ability to attract new or retain current merchants, consumers and other participants, damage our reputation, result in shareholder or other litigation, diminish the value of our brand, and materially and adversely affect our business, financial condition and results of operations.

We may not be able to protect our intellectual property rights.

We rely on a combination of trademark, patent, copyright, trade secret protection and fair trade practice laws in China and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. We also enter into confidentiality agreements with our employees and any third parties who may access our proprietary information, and we rigorously control access to our proprietary technology and information. In addition, as our business expands and we increase our acquisition of and management of content, we expect to incur greater costs to acquire, license and enforce our rights to content.

Intellectual property protection may not be sufficient in the jurisdictions in which we operate. Confidentiality agreements may be breached by counterparties, and there may not be adequate remedies available to us for these breaches. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China or
intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will prevail in any litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

**Tightening of tax compliance efforts that affect our merchants could materially and adversely affect our business, financial condition and results of operations.**

Tax legislation relating to the ecosystem is still developing. Governments, both in China and in other jurisdictions, may promulgate or strengthen the implementation of tax regulations that impose obligations on e-commerce companies, which could increase the costs to consumers and merchants and make our platforms less competitive in these jurisdictions. Governments may require operators of marketplaces, such as us, to assist in the enforcement of tax registration requirements and the collection of taxes with respect to the revenue or profit generated by merchants from transactions conducted on their platforms. We may also be requested by tax authorities to supply information about our merchants, such as transaction records and bank account information, and assist in the enforcement of other tax regulations, including payment and withholding obligations against our merchants. As a result of more stringent tax compliance requirements and liabilities, we may lose existing merchants and potential merchants might not be willing to open storefronts on our marketplaces, which could in turn negatively affect us. Stricter tax enforcement by tax authorities may also reduce the activities by merchants on our platforms and increase our liabilities and obligations.

Any heightened tax law enforcement against participants in our ecosystem (including imposition of reporting or withholding obligations on operators of marketplaces with respect to VAT of merchants and stricter tax enforcement against merchants generally) could have a material adverse effect on our business, financial condition and results of operations.

**We may increasingly become a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, including social media and malicious reports, and aggressive marketing and communications strategies of our competitors, all of which could severely damage our reputation and brand and materially and adversely affect our business and prospects.**

We process an extremely large number of transactions on a daily basis on our marketplaces and other businesses we operate, and the high volume of transactions taking place in our ecosystem and publicity about our business creates the possibility of heightened attention from the public, regulators, the media and participants in our ecosystem. Changes in our services or policies have resulted and could result in objections by members of the public, the media, including social media, participants in our ecosystem or others. We may also become subject to public scrutiny relating to our workplace environment, work culture and other practices. From time to time, these objections, complaints and negative media coverage, regardless of their veracity, may result in public protests or negative publicity, which could result in government inquiry or harm our reputation and brand, and adversely affect the price of our ADSs, Shares and/or other securities.

Corporate transactions we or our related parties undertake, such as our Reorganization, our transactions with Ant Group, initiatives to grow our direct sales business and consumer services business and expand into international markets, as well as our various business practices may also subject us to increased media exposure and public scrutiny. There can be no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation and brand as well as our business and prospects.

In addition, our directors, management and employees have been, and continue to be, subject to scrutiny by the media and the public regarding their activities in and outside Alibaba Group, which may result in negative, unverified, inaccurate or misleading information about them being reported by the press. Negative publicity about our founders, directors, management or employees, even if unrelated to the products or services we offer, or even if untrue or inaccurate, may harm our reputation and brand, and adversely affect the price of our ADSs, Shares and/or other securities.

Furthermore, due to intense competition in our industry, we have been and may be the target of incomplete, inaccurate and false statements and complaints about us and our products and services that could damage our reputation and brand and materially deter consumers and customers from spending in our ecosystem. Competitors have used, and may continue to use, methods such as lodging complaints with regulators, initiating intellectual property and competition claims (whether or not meritorious) or frivolous and nuisance lawsuits, and other forms of attack litigation and “lawfare” that attempt to harm our
reputation and brand, hinder our operations, force us to expend resources on responding to and defending against these claims, and otherwise gain a competitive advantage over us by means of litigious and accusatory behavior. Our ability to respond on share price-sensitive information to our competitors’ misleading marketing efforts, including lawfare, may be limited during our self-imposed quiet periods around quarter ends consistent with our internal policies or due to legal prohibitions on permissible public communications by us during certain other periods.

Our results of operations fluctuate significantly from quarter to quarter which may make it difficult to predict our future performance.

Our results of operations generally are characterized by seasonal fluctuations due to various reasons, including seasonal buying patterns and economic cyclical changes, as well as promotions on our marketplaces. Historically, the fourth quarter of each calendar year generally contributes the largest portion of our annual revenues due to a number of factors, such as merchants allocating a significant portion of their online marketing budgets to the fourth calendar quarter, promotions, such as the 11.11 Global Shopping Festival, and the impact of seasonal buying patterns in respect of certain categories such as apparel. The first quarter of each calendar year generally contributes the smallest portion of our annual revenues, primarily due to a lower level of allocation of marketing budgets by merchants at the beginning of the calendar year and the Chinese New Year holiday, during which time consumers generally spend less and businesses in China are generally closed. We may also introduce new promotions or change the timing of our promotions in ways that further cause our quarterly results to fluctuate and differ from historical patterns. In addition, seasonal weather patterns may affect the timing of buying decisions. The performance of our equity method investees, including Ant Group, may also result in fluctuations in our results of operations. Fluctuations in our results of operations related to our investments may also be because of accounting implication arising from loss of control of subsidiaries. Fluctuations in fair value and the magnitude of the related accounting impact are unpredictable, and may significantly affect our results of operations.

Our results of operations will likely fluctuate due to these and other factors, some of which are beyond our control. In addition, our growth in the past may have masked the seasonality that might otherwise be apparent in our results of operations. As the rate of growth of our business declines in comparison to prior periods, we expect that the seasonality in our business may become more pronounced. Moreover, as our business grows, our fixed costs and expenses may continue to increase, which will result in operating leverage in seasonally strong quarters but can significantly pressure operating margins in seasonally weak quarters.

To the extent our results of operations do not meet the expectations of public market analysts and investors in the future, or if there are significant fluctuations in our financial results, the market price of our ADSs, Shares and/or other securities could fluctuate significantly.

Failure to comply with the terms of our indebtedness or enforcement of our obligations as a guarantor of other parties’ indebtedness could have an adverse effect on our cash flow and liquidity.

As of March 31, 2023, we had US$14.95 billion in aggregate principal amount of unsecured senior notes and a US$4.0 billion term loan outstanding. As of the date of this annual report, we also have a US$6.5 billion revolving credit facility that we have not yet drawn down. Under the terms of our indebtedness and under any debt financing arrangement that we may enter into in the future, we are, and may be in the future, subject to covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, our lenders under our credit facilities and holders of our unsecured senior notes will be entitled to accelerate our debt obligations. Any default under our credit facilities or unsecured senior notes could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. We also provide a guarantee for a term loan facility of HK$7.7 billion (US$1.0 billion) in favor of Hong Kong Cingleot Investment Management Limited, a company that is partially owned by us, in connection with a logistics center development project at the Hong Kong International Airport. As of the date of this annual report, this entity has drawn down HK$5.2 billion (US$0.7 billion) under this facility. In the event of default by this entity under the loan facility, we may be required to repay the full amount or a portion of the outstanding loan and interests and undertake the borrower’s other obligations under the loan facility. Enforcement against us under this guarantee and other similar arrangements we may enter into in the future could materially and adversely affect our cash flow and liquidity.

We may need additional capital but may not be able to obtain it on favorable terms or at all.
We may require additional cash resources due to future growth and development of our business, including any investments or acquisitions we may decide to pursue, and for other general corporate purposes. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expand credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties. On January 5, 2023, the NDRC promulgated the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, or the Foreign Debts Measures, which became effective on February 10, 2023. According to the Foreign Debts Measures, PRC enterprises and overseas enterprises or branches controlled by them, including holding companies with a VIE structure like us, are required to complete application for registration of foreign debts with the NDRC prior to the borrowing of foreign debts with a term of over one year. See “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Regulation of Foreign Investment.” If we fail to complete such filing on a timely manner or at all, we may miss the best market windows for debt issuances or loan applications. In addition, according to the Overseas Listing Trial Measures, we have to complete filing procedures with the CSRC for any follow-on equity offerings within three working days after conducting such offerings, and comply with relevant reporting requirements within three business days upon the occurrence of any specified circumstances provided under these measures. If we fail to complete such filing and reporting on a timely manner or at all, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council of the PRC. See also “— Risks Related to Doing Business in the People’s Republic of China — The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing.” In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financial covenants that would restrict our operations. Our ability to access international capital and lending markets may be restricted at a time when we would like, or need, to do so, especially during times of increased volatility and reduced liquidity in global financial markets and stock markets, including due to policy changes and regulatory restrictions, which could limit our ability to raise funds. See “— Risks Related to Doing Business in the People’s Republic of China — Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China.” In addition, in response to increasing inflation, the United States Federal Reserve, along with central banks around the world, has adopted tightened monetary policies through raising interest rates or signaling expected interest hikes, which could significantly increase borrowing costs for companies. While we have been able to secure financing at similar cost range, there can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all in the future. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities, including issuance of share-based awards under our equity incentive plans, could result in significant dilution to our existing shareholders.

**We are subject to interest rate risk in connection with our indebtedness.**

We are exposed to interest rate risk related to our indebtedness. The interest rates under certain of our offshore credit facilities are based on forward-looking Secured Overnight Financing Rate, or SOFR. As a result, the interest expenses under our bank borrowings will be subject to the potential impact of any fluctuation in SOFR. Any increase in SOFR could raise our financing costs, which could adversely affect our operating results and financial condition, as well as our cash flows. Our Renminbi-denominated bank borrowings are also subject to interest rate risk. Although from time to time, we use hedging transactions in an effort to reduce our exposure to interest rate risk, these hedges may not be effective.

**We may not have sufficient insurance coverage to cover our business risks.**

We have obtained insurance to cover certain potential risks and liabilities, such as property damage, business interruptions, public liabilities and product liability insurance for certain businesses we operate. However, insurance companies in China and other jurisdictions in which we operate may offer limited business insurance products or we may not be able to obtain such insurance on favorable terms. As a result, we do not maintain insurance for all types of risks we face in our operations in China and elsewhere, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. We do not maintain product liability insurance for products and services transacted on our marketplaces or other businesses we operate, and our rights of indemnity from the merchants in our ecosystem may not adequately cover us for any liability we may incur.

We also do not maintain key-man life insurance. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a
timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Risks Related to Our Corporate Structure

The Alibaba Partnership limits the ability of our shareholders to nominate and elect directors.

Our Articles of Association allow the Alibaba Partnership to nominate or, in limited situations, appoint a simple majority of our board of directors. If at any time our board of directors consists of less than a simple majority of directors nominated or appointed by the Alibaba Partnership for any reason, including because a director previously nominated by the Alibaba Partnership ceases to be a member of our board of directors or because the Alibaba Partnership had previously not exercised its right to nominate or appoint a simple majority of our board of directors, the Alibaba Partnership will be entitled (in its sole discretion) to nominate or appoint such number of additional directors to the board as necessary to ensure that the directors nominated or appointed by the Alibaba Partnership comprise a simple majority of our board of directors.

This governance structure limits the ability of our shareholders to influence corporate matters, including any matters determined at the board level. In addition, the nomination right granted to the Alibaba Partnership will remain in place for the life of the Alibaba Partnership unless our Articles are amended to provide otherwise by a vote of shareholders representing at least 95% of shares that vote at a shareholders meeting. The nomination rights of the Alibaba Partnership will remain in place notwithstanding a change of control or merger of our company. These provisions could have the effect of delaying, preventing or deterring a change in control and could limit the opportunity of our shareholders to receive a premium for the ADSs and/or Shares they hold, and could also materially decrease the price that some investors are willing to pay for our ADSs and/or Shares.

The interests of the Alibaba Partnership may conflict with the interests of our shareholders.

The nomination and appointment rights of the Alibaba Partnership limit the ability of our shareholders to influence corporate matters, including any matters to be determined by our board of directors. The interests of the Alibaba Partnership may not coincide with the interests of our shareholders, and the Alibaba Partnership or its director nominees may make decisions with which they disagree, including decisions on important topics such as compensation, management succession, acquisition strategy and our business and financial strategy. Since the Alibaba Partnership will continue to be largely comprised of members of our management team, the Alibaba Partnership and its director nominees, consistent with our operating philosophy, may focus on the long-term interests of participants in our ecosystem at the expense of our short-term financial results, which may differ from the expectations and desires of shareholders unaffiliated with the Alibaba Partnership. To the extent that the interests of the Alibaba Partnership differ from the interests of any of our shareholders, our shareholders may be disadvantaged by any action that the Alibaba Partnership may seek to pursue.

Our Articles of Association contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our Articles of Association contain certain provisions that could limit the ability of third parties to acquire control of our company, including:

- a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series;
- a provision that a business combination, if it may adversely affect the right of the Alibaba Partnership to nominate or appoint a simple majority of our board of directors, including the protective provisions for this right under our Articles, shall be approved upon vote of shareholders representing at least 95% of the votes in person or by proxy present at a shareholders meeting; and
- a classified board with staggered terms that will prevent the replacement of a majority of directors at one time.

These provisions could have the effect of delaying, preventing or deterring a change in control and could limit the opportunity for our shareholders to receive a premium for their ADSs and/or Shares, and could also materially decrease the price that some investors are willing to pay for our ADSs and/or Shares.
Our ADSs and ordinary shares are equity securities of a Cayman Islands holding company rather than equity securities of our subsidiaries and the VIEs that have substantive business operations in China.

We are incorporated in the Cayman Islands with no business operations. We conduct substantially all of our operations in China through our subsidiaries and the VIEs. We do not and are not, and holders of our ADSs and ordinary shares do not and are not, legally permitted to have any, or more than the permitted percentage of, equity interest in the VIEs due to current PRC laws and regulations restricting foreign ownership and investment. As a result, we provide services that may be subject to such restrictions in the PRC through the VIEs, and we operate our businesses in the PRC through certain contractual arrangements with the VIEs. For a summary of such contractual arrangements, see “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Telecommunications and Internet Information Services — Regulation of Telecommunications Services” and “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Telecommunications Services” and “Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements among Our Subsidiaries, Variable Interest Entities and the Variable Interest Entity Equity Holders.” Our ADSs and ordinary shares are equity securities of a Cayman Islands holding company rather than equity securities of our subsidiaries and the VIEs.

If the PRC government deems that the contractual arrangements in relation to the VIEs do not comply with PRC regulations on foreign investment, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to penalties, or be forced to relinquish our interests in the operations of the VIEs, which would materially and adversely affect our business, financial results, trading prices of our ADSs, Shares and/or other securities.

Due to legal restrictions on foreign ownership and investment in, among other areas, value-added telecommunication services, which include the operations of ICPs, we, similar to all other entities with foreign-incorporated holding company structures operating in our industry in China, operate our Internet businesses and other business in China, including Internet information services, which are critical to our business, through a number of PRC incorporated VIEs. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Telecommunications and Internet Information Services — Regulation of Telecommunications Services” and “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Regulation of Foreign Investment.”

We and, through us, our shareholders do not own any equity interests in these VIEs. The equity interests of the VIEs are generally held by PRC limited liability companies, which in turn are indirectly held (through a layer of PRC limited partnerships) by selected members of the Alibaba Partnership or our management who are PRC citizens. Please also see “Item 4. Information on the Company — C. Organizational Structure.” Contractual arrangements between us and the VIEs and their equity holders give us effective control over each of the VIEs and enable us to obtain substantially all of the economic benefits arising from the VIEs as well as to consolidate the financial results of the VIEs in our results of operations. Although we believe the structure we have adopted is consistent with longstanding industry practice, the PRC government may not agree that these arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future.

In the opinion of Fangda Partners, our PRC counsel, the ownership structures of our representative VIEs and the corresponding subsidiaries in China do not and will not violate any applicable PRC law, regulation or rule currently in effect; and the contractual arrangements between the representative VIEs, the corresponding subsidiaries and the respective equity holders of the representative VIEs governed by PRC law are valid, binding and enforceable in accordance with their terms and applicable PRC laws and regulations currently in effect and will not violate any applicable PRC law, rule or regulation currently in effect. However, Fangda Partners has also advised us that there are substantial uncertainties regarding the interpretation and application of current PRC laws, rules and regulations. Accordingly, the possibility that the PRC regulatory authorities and PRC courts may in the future take a view that is contrary to the opinion of our PRC legal counsel cannot be ruled out. In addition, such laws, rules and regulations could change or be interpreted differently in the future.

Contractual arrangements in relation to VIEs have not been tested in a court of law, and it is uncertain whether any new PRC laws, rules or regulations relating to VIE structures will be adopted or if adopted, what they would provide. Please also see “— Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its implementing rules and other regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations.”

If we or any of the VIEs are found to be in violation of any existing or future PRC laws, rules or regulations, or fail to obtain or maintain any of the required permits or approvals, we could be subject to severe penalties. The relevant PRC regulatory authorities would have broad discretion to take action in dealing with these violations or failures, including revoking the business and operating licenses of our PRC subsidiaries or the VIEs, requiring us to discontinue or restrict our operations, restricting our right to collect revenue, blocking one or more of our websites, requiring us to restructure our operations or taking other regulatory or enforcement actions against us. The imposition of any of these measures could result in a material adverse effect on our ability to conduct all or any portion of our business operations. In addition, it is unclear what impact the
PRC government actions would have on us and on our ability to consolidate the financial results of any of the VIEs in our consolidated financial statements, if the PRC government authorities were to find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of any of the VIEs or otherwise separate from any of these entities and if we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of the VIEs in our consolidated financial statements. Any of these events would have a material adverse effect on our business, financial condition and results of operations, as well as cause the trading prices of our ADSs and Shares to significantly decline or become worthless.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its implementing rules and other regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations.

The VIE structure has been adopted by many China-based companies, including us and certain of our equity method investees, to obtain licenses and permits necessary to operate in industries that currently are subject to restrictions on or prohibitions for foreign investment in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015, or the 2015 Draft PRC Foreign Investment Law, according to which, VIEs that are controlled via contractual arrangements would be deemed as foreign-invested enterprises, if they are ultimately “controlled” by foreign investors. In March 2019, the National People’s Congress promulgated the 2019 PRC Foreign Investment Law. In December 2019, the State Council of the PRC promulgated the Implementing Rules of the Foreign Investment Law of the People’s Republic of China, or the Implementing Rules, to further clarify and elaborate upon relevant provisions of the 2019 PRC Foreign Investment Law. The 2019 PRC Foreign Investment Law and the Implementing Rules both became effective on January 1, 2020 and replaced major former laws and regulations governing foreign investment in the PRC. See “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Regulation of Foreign Investment.” As the 2019 PRC Foreign Investment Law has a catch-all provision that broadly defines “foreign investments” as those made by foreign investors in China through methods as specified in laws, administrative regulations, or as stipulated by the State Council of the PRC, relevant government authorities may promulgate additional rules and regulations as to the interpretation and implementation of the 2019 PRC Foreign Investment Law. In particular, there can be no assurance that the concept of “control” as reflected in the 2019 Draft PRC Foreign Investment Law, will not be reintroduced, or that the VIE structure adopted by us will not be deemed as a method of foreign investment by other laws, regulations and rules.

Furthermore, on December 19, 2020, the NDRC and MOFCOM promulgated the Foreign Investment Security Review Measures, which took effect on January 18, 2021. Under the Foreign Investment Security Review Measures, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, IT, Internet products and services, financial services and technology sectors, are required to be approved by designated governmental authorities in advance. Although the term “investment through other means” is not clearly defined under the Foreign Investment Security Review Measures, we cannot rule out the possibility that control through contractual arrangement may be regarded as a form of actual control and therefore require approval from the competent governmental authority. There are great uncertainties with respect to the interpretation and implementation of the Foreign Investment Security Review Measures. Accordingly, there are substantial uncertainties as to whether the VIE structure adopted by us may be deemed as a method of foreign investment in the future. If the VIE structure adopted by us were to be deemed as a method of foreign investment under any future laws, regulations and rules, and if any of our business operations were to fall under the “Negative List” for foreign investment, we would need to take further actions in order to comply with these laws, regulations and rules, which may materially and adversely affect our current corporate structure, business, financial condition and results of operations.

Our contractual arrangements may not be as effective in providing control over the VIEs as direct ownership.

We rely on contractual arrangements with the VIEs to operate part of our Internet businesses in China and other businesses in which foreign investment is restricted or prohibited. We and, through us, our shareholders do not own any equity interests in these VIEs. For a description of these contractual arrangements, see “Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements among Our Subsidiaries, Variable Interest Entities and the Variable Interest Entity Equity Holders.” These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs.

If we had direct ownership of the VIEs, we would be able to exercise our rights as an equity holder directly to effect changes in the boards of directors of those entities, which could effect changes at the management and operational level. Under our contractual arrangements, we may not be able to directly change the members of the boards of directors of these entities and
would have to rely on the VIEs and the VIE equity holders to perform their obligations in order to exercise our control over the VIEs. The VIE equity holders may have conflicts of interest with us or our shareholders, and they may not act in our best interests or may not perform their obligations under these contracts. Pursuant to the call options, we may replace the equity holders of the VIEs at any time pursuant to the contractual arrangements. However, if any equity holder is uncooperative in the replacement of the equity holders or there is any dispute relating to these contracts that remains unresolved, we will have to enforce our rights under the contractual arrangements through the operations of PRC law and arbitral or judicial agencies, which may be costly and time-consuming and will be subject to uncertainties in the PRC legal system. See “— Any failure by the VIEs or their equity holders to perform their obligations under the contractual arrangements would have a material adverse effect on our business, financial condition and results of operations.” Consequently, the contractual arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership.

Any failure by the VIEs or their equity holders to perform their obligations under the contractual arrangements would have a material adverse effect on our business, financial condition and results of operations.

If the VIEs or their equity holders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce the arrangements. Although we have entered into call option agreements in relation to each VIE, which provide that we may exercise an option to acquire, or nominate a person to acquire, ownership of the equity in that entity or, in some cases, its assets, to the extent permitted by applicable PRC laws, rules and regulations, the exercise of these call options is subject to the review and approval of the relevant PRC governmental authorities. We have also entered into equity pledge agreements with the equity holders with respect to each VIE, including the general partners and limited partners of the PRC limited partnerships that indirectly hold the VIEs under the Enhanced VIE Structure, to secure certain obligations of the VIE or its equity holders to us under the contractual arrangements. In addition, the enforcement of these agreements through arbitral or judicial agencies, if any, may be costly and time-consuming and will be subject to uncertainties in the PRC legal system. Moreover, our remedies under the equity pledge agreements are primarily intended to help us collect debts owed to us by the VIEs or the VIE equity holders under the contractual arrangements and may not help us in acquiring the assets or equity of the VIEs.

In addition, with respect to the VIEs that are directly owned by individuals, although the terms of the contractual arrangements provide that they will be binding on the successors of the VIE equity holders, as those successors are not a party to the agreements, it is uncertain whether the successors in case of the death, bankruptcy or divorce of a VIE equity holder will be subject to or will be willing to honor the obligations of the VIE equity holder under the contractual arrangements. If the relevant VIE or its equity holder (or its successor), as applicable, fails to transfer the shares of the VIE, including the general partners and limited partners of the PRC limited partnerships that indirectly hold the VIEs under the Enhanced VIE Structure, to secure certain obligations of the VIE or its equity holders to us under the contractual arrangements. If the relevant VIE or its equity holder (or its successor), as applicable, fails to transfer the shares of the VIE according to the respective call option agreement or equity pledge agreement, we would need to enforce our rights under the call option agreement or equity pledge agreement, which may be costly and time-consuming and may not be successful.

The contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration or court proceedings in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Uncertainties regarding the interpretation and enforcement of the relevant PRC laws and regulations could limit our ability to enforce the contractual arrangements. Under PRC law, if the losing parties fail to carry out the arbitration awards or court judgments within a prescribed time limit, the prevailing parties may only enforce the arbitration awards or court judgments in PRC courts, which would require additional expense and delay. In the event we are unable to enforce the contractual arrangements, we may not be able to exert effective control over the VIEs, and our ability to conduct our business, as well as our financial condition and results of operations, may be materially and adversely affected.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the VIEs, which could severely disrupt our business, render us unable to conduct some or all of our business operations and constrain our growth.

Although the significant majority of our revenues are captured through, and the significant majority of our operational assets are held, by our subsidiaries, the VIEs hold licenses and approvals and assets for regulated activities that are necessary for our business operations, as well as equity interests in a series of our portfolio companies, to which foreign investments are typically restricted or prohibited under applicable PRC law. The contractual arrangements contain terms that specifically obligate VIE equity holders to ensure the valid existence of the VIEs and restrict the disposal of material assets of the VIEs. However, in the event the VIE equity holders breach the terms of these contractual arrangements and voluntarily liquidate the VIEs, or any of the VIEs declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by the VIEs, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if any of the VIEs undergoes a voluntary or involuntary
liquidation proceeding, its equity holder or unrelated third-party creditors may claim rights to some or all of the assets of the VIE, thereby hindering our ability to operate our business as well as constrain our growth.

The equity holders, directors and executive officers of the VIEs may have potential conflicts of interest with us.

PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he or she directs or manages. On one hand, the directors and executive officers of the VIEs, including the relevant members of the Alibaba Partnership or our management, must act in good faith and in the best interests of the VIEs and must not use their respective positions for personal gain. On the other hand, as a director or management of our company, the relevant individuals have a duty of care and loyalty to us and to our shareholders as a whole under Cayman Islands law. We control the VIEs through contractual arrangements and the business and operations of the VIEs are closely integrated with the business and operations of our subsidiaries. Nonetheless, conflicts of interests for these individuals may arise due to dual roles both as equity holders, directors and executive officers of the VIEs and as our directors or employees.

There can be no assurance that these individual shareholders of the VIEs will always act in our best interests should any conflicts of interest arise, or that any conflicts of interest will always be resolved in our favor. There also can be no assurance that these individuals will ensure that the VIEs will not breach the existing contractual arrangements. If we cannot resolve any of these conflicts of interest or any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the contractual arrangements. There is substantial uncertainty as to the outcome of any of these legal proceedings. See “— Any failure by the VIEs or their equity holders to perform their obligations under the contractual arrangements would have a material adverse effect on our business, financial condition and results of operations.”

The contractual arrangements with the VIEs may be subject to scrutiny by the PRC tax authorities. Any pricing adjustment of a related party transaction could lead to additional taxes, and therefore substantially reduce our consolidated net income and the value of your investment.

The tax regime and practices in China are evolving and PRC tax laws may be interpreted in significantly different ways. The PRC tax authorities have the power to audit and adjust the tax liabilities of entities that conduct business in China. In particular, the tax authorities may challenge the fairness of the pricing of related party transactions, which could result in additional taxes. The tax authorities may also demand that we pay interest on late payments of taxes. Any such costs could have a material adverse effect on our financial condition and results of operations.

Risks Related to Doing Business in the People’s Republic of China

Changes and developments in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Although we have operating subsidiaries located in various countries and regions, our operations in China currently contribute the large majority of our revenue. The PRC government has significant oversight and discretion over the conduct of our business, and may intervene in or influence our operations through adopting and enforcing rules and regulatory requirements. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, extent of government involvement, control of foreign exchange and allocation of resources. A substantial portion of productive assets in China is still managed by the government. In addition, the PRC government regulates industry development by imposing industrial policies. The PRC government also plays a significant role in China’s economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and regulating financial services and institutions.

While the PRC economy has experienced significant growth in the past four decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. Our financial condition and results of operations could be materially and
adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the PRC government has implemented in the past certain measures, including interest rate increases, to manage the pace of economic growth and prevent the economy from overheating. Any prolonged slowdown in the Chinese economy could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us.

Most of our operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

China has not developed a fully integrated legal system, and enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to a significant degree of interpretation by PRC regulatory agencies and courts. In particular, because these laws, rules and regulations are relatively new and quickly evolving, and because of the limited number of published decisions and the non-precedential nature of these decisions, and because the laws, rules and regulations often give the relevant regulator certain discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. Therefore, it is possible that our existing operations may be found not to be in full compliance with relevant laws and regulations in the future. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have certain discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC government has significant influence over business activities and, to further regulatory and societal goals, has become more involved in regulating China-based companies, including us. For example, in recent years the PRC government, has enhanced regulation in areas such as anti-monopoly, anti-unfair competition, cybersecurity and data privacy. In addition, the PRC government recently published new policies that significantly affected the Internet industries and certain other industries, including industries that we operate in, and in the future it may implement other policies or regulations that may have a significant adverse impact on us or industries that we operate in. Moreover, the PRC government has recently strengthened the administration over illegal securities activities and the supervision on overseas listings by China-based companies and issued new filing obligations and approval requirements in connection with offshore offerings, which will increase our regulatory compliance costs and may limit or hinder our ability and the ability of our subsidiaries to offer or continue to offer securities to investors and cause the value of our securities, including our ADSs, to significantly decline or become worthless. See “— Risks Related to Doing Business in the People’s Republic of China — The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing.” The Chinese government may further promulgate relevant laws, rules and regulations that may impose additional and significant obligations and liabilities on Chinese companies. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, change to our data and other business practices, regulatory investigations, penalties, increased cost of operations, or declines in user growth or engagement, or otherwise affect our business. It is uncertain whether or how these new laws, rules and regulations and the interpretation and implementation thereof may affect us, but among other things, our ability and the ability of our subsidiaries to obtain external financing through the issuance of equity securities overseas could be negatively affected and as a result, the trading prices of our ADSs and Shares to could significantly decline or become worthless.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements, and the inability of the PCAOB to conduct inspections over our auditor in the future may deprive our investors of the benefits of such inspections.
PricewaterhouseCoopers, our auditor, is required under U.S. law to undergo regular inspections by the PCAOB. Prior to 2022, the PCAOB was unable to conduct inspections of the audit work and practices of PCAOB-registered audit firms within the PRC on a basis comparable to other non-U.S. jurisdictions without approval from the Chinese government authorities, and as we have substantial operations in the PRC, the PCAOB was unable to fully inspect our auditor and its audit work. As a result, investors of our ADSs, Shares and/or other securities did not have the benefit of such inspections. Inspections of auditors conducted by the PCAOB outside of China have at times identified deficiencies in those auditors’ audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct full inspections of auditors in China in the past made it more difficult for it to evaluate the effectiveness of our auditor’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors of our ADSs, Shares and/or other securities to lose confidence in the audit procedures of our auditor and our reported financial information and the quality of our financial statements. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in 2022. However, it is uncertain whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in 2023 and beyond, which ability depends on a number of factors beyond our, and our auditor’s, control, including the uncertainties surrounding the relationship between China and the United States.

Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China.

In recent years, U.S. regulators have continued to express concerns about challenges in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. More recently, as part of increased regulatory focus in the United States on access to audit information, the United States originally enacted the HFCA Act in December 2020. The HFCA Act includes requirements for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in the auditor’s local jurisdiction. The HFCA Act also requires public companies on this SEC list to certify that they are not owned or controlled by a foreign government and make certain additional disclosures in their SEC filings. In addition, if the auditor of a U.S. listed company is not subject to PCAOB inspections for three consecutive “non-inspection” years after the law becomes effective, the SEC is required to prohibit the securities of such issuer from being traded on a U.S. national securities exchange, such as the NYSE, or in U.S. over-the-counter markets. On December 29, 2022, the United States enacted the Consolidated Appropriations Act, 2023, which amended the HFCA Act to require the SEC to prohibit an issuer’s securities from trading in the United States if its auditor is not subject to PCAOB inspections for two consecutive “non-inspection” years instead of three. On December 16, 2021, the PCAOB issued its report notifying the SEC of its determination that it was unable to inspect or investigate completely accounting firms headquartered in Chinese mainland or Hong Kong. Subsequently on August 22, 2022, the SEC added us to its conclusive list of issuers identified under the HFCA Act, or Commission-Identified Issuers, following the filing of our annual report on Form 20-F with the SEC on July 26, 2022, indicating that it has determined that Alibaba Group filed an annual report with an audit report by a registered public accounting firm, whose audit work papers cannot be fully inspected or investigated by the PCAOB for the fiscal year ended March 31, 2022. With the above identification, 2022 became our first “non-inspection” year. As such, in this annual report, we are required to satisfy additional disclosure requirements for Commission-Identified Issuers that are also foreign issuers. See “Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.”

On August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the MOF, taking the first step towards opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in Chinese mainland and Hong Kong. Following that, on December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in 2022. The PCAOB vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland and Hong Kong. For this reason, we do not expect to be identified as a Commission-Identified Issuer following the filing of this annual report. However, it is uncertain whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in the future, which ability depends on a number of factors beyond our, and our auditor’s, control, including the uncertainties surrounding the relationship between China and the United States. If in the future the PCAOB finds that it is unable to completely inspect and investigate registered public accounting firms headquartered in Chinese mainland or Hong Kong, the PCAOB may act immediately to consider the need to issue new determinations consistent with the HFCA Act, and we may be identified as a Commission-Identified Issuer again. In accordance with the HFCA Act as amended by the Consolidated Appropriations Act, 2023, if the PCAOB is unable to continue to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland or Hong
Kong, including our independent registered public accounting firm, for two consecutive years, our securities (including our ADSs and Shares) would be delisted from the NYSE and will be prohibited from trading on other U.S. stock exchanges and “over-the-counter” in the U.S. Delisting of our ADSs would force our U.S.-based shareholders to sell their ADSs or convert them into Shares listed in Hong Kong. Although we are listed in Hong Kong, investors may face difficulties in migrating their underlying ordinary shares to Hong Kong, or may have to incur increased costs or suffer losses in order to do so. The risk and uncertainty associated with delisting of our securities or other anticipated negative impacts of the HFCA Act upon and investor sentiment towards China-based companies listed in the United States would have a negative impact on the price of our ADSs and Shares, and may significantly affect our ability to raise capital in the future, which would have a material adverse impact on our business, financial condition, and prospects.

**PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.**

SAFE promulgated the SAFE Circular 37 on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on October 21, 2005. SAFE Circular 37 and its implementing rules require PRC residents to register with SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with the PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.”

We notified substantial beneficial owners of ordinary shares who we know are PRC residents of their filing obligation, and pursuant to the former SAFE Circular 75, we filed the above-mentioned foreign exchange registration on behalf of certain employee shareholders who we know are PRC residents. However, we may not be aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners, and there can be no assurance that all of our PRC-resident beneficial owners will comply with relevant SAFE regulations. The failure of our beneficial owners who are PRC residents to register or amend their SAFE registrations in a timely manner or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 and subsequent implementation rules, may subject the beneficial owners or our PRC subsidiaries to fines and legal sanctions.

Furthermore, since it is unclear how those SAFE regulations, and any future regulation concerning offshore or cross-border transactions, will be further interpreted, amended and implemented by the relevant PRC government authorities, we cannot predict how these regulations will affect our business operations or future strategy. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries’ ability to distribute dividends to our company. These risks may have a material adverse effect on our business, financial condition and results of operations.

**Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the PRC participants in the plans, us or our overseas and PRC subsidiaries to fines and other legal or administrative sanctions.**

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may, prior to the exercise of an option, submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC citizens residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and whom we or our overseas listed subsidiaries have granted RSUs, options or restricted shares, may follow the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, to apply for the foreign exchange registration. According to those regulations, employees, directors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which may be a PRC subsidiary of the overseas listed company, and complete certain other procedures. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit their ability to make payment under the relevant equity incentive plans or receive dividends or sales proceeds related thereto in foreign currencies, or may limit our ability to contribute additional capital into our domestic subsidiaries in China and limit our domestic subsidiaries’ ability to distribute dividends to us. We also face regulatory uncertainties under PRC law that could restrict our ability or the ability of our overseas listed subsidiaries to adopt additional equity incentive plans for our directors and employees who are PRC citizens or who are non-PRC citizens residing in the PRC for a continuous period of not less than one year, subject to limited exceptions.
We rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries in China.

We are a holding company and rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, fund inter-company loans, service outstanding debt and pay our expenses. If our operating subsidiaries incur additional debt on their own, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances, including loans, to us. Furthermore, the laws, rules and regulations applicable to our PRC subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations.

Under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside a portion of its net income each year to fund certain statutory reserves. These reserves, together with the registered equity, are not distributable as cash dividends. As a result of these laws, rules and regulations, our subsidiaries incorporated in China are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary. As of March 31, 2023, these restricted net assets totaled RMB194.6 billion (US$28.3 billion).

P4P services are considered, in part, to involve Internet advertisement, which subjects us to other laws, rules and regulations as well as additional obligations.

The Administrative Measures for Internet Advertising promulgated by the SAMR apply to any commercial advertising that directly or indirectly promotes goods or services through Internet media in any form including paid-for search results. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulation of Advertising Services.”

There exist substantial uncertainties with respect to the interpretation and implementation in practice of the Administrative Measures for Internet Advertising by various government authorities. We derive a significant amount of our revenue from P4P services and other related services. Our P4P services and other related services may be considered, in part, to involve Internet advertisement, which subjects us to other laws, rules and regulations as well as additional obligations.

In addition, for advertising content related to specific types of products and services, advertisers, advertising operators and advertising distributors must confirm that the advertisers have obtained requisite government approvals, including the advertiser’s operating qualifications, proof of quality inspection of the advertised products, and, with respect to certain industries, government approval of the content of the advertisement and filing with the local authorities. Pursuant to the Administrative Measures for Internet Advertising, we are required to take steps to monitor the content of advertisements displayed on our platforms. This requires considerable resources and time, and could significantly affect the operation of our
Two-year tax exemption beginning from the first profit-making calendar year and a 50% tax reduction for the subsequent relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a five-year enterprise income tax exemption beginning from the first profit-making calendar year and its applicable enterprise income tax rate for the following calendar year is 10%. The key software enterprise qualification is subject to an annual assessment. A qualified company — B. Business Overview — Regulation — Other Regulations — Tax Regulations — PRC Enterprise Income tax derivation from sources within the PRC and as a result be subject to PRC taxation. See "Item 4. Information on the gain realized by the non-resident enterprise investors from the transfer of our ordinary shares or ADSs, may be treated as relevant tax treaties. If we are deemed a PRC resident enterprise, dividends paid on our ordinary shares or ADSs, and any resident enterprise by these investors is also subject to PRC tax at a current rate of 10%, subject to any exemption set forth in applicable tax treaties. Similarly, any gain realized on the transfer of shares of a PRC resident enterprise by these investors is also subject to PRC tax at a current rate of 10%, subject to any exemption set forth in relevant tax treaties. If we are deemed a PRC resident enterprise, dividends paid on our ordinary shares or ADSs, and any gain realized by the non-resident enterprise investors from the transfer of our ordinary shares or ADSs, may be treated as income derived from sources within the PRC and as a result be subject to PRC taxation. See “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Tax Regulations — PRC Enterprise Income Tax.” Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of our ADSs and/or ordinary shares by these investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties. It is unclear if we or any of our subsidiaries established outside of China are considered a PRC resident enterprise, whether holders of our ADSs and/or ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas and claim foreign tax credit if applicable. If dividends payable to our non-PRC investors, or gains from the transfer of our ADSs and/or ordinary shares by these investors are subject to PRC tax, the value of your investment in our ADSs and/or ordinary shares may decline significantly.

Discontinuation of preferential tax treatments we currently enjoy or other unfavorable changes in tax law could result in additional compliance obligations and costs.

Chinese companies operating in the high-technology and software industry that meet relevant requirements may qualify for three main types of preferential treatment, which are high and new technology enterprises, software enterprises and key software enterprises within the scope of the PRC national plan. For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year tax exemption beginning from the first profit-making calendar year and a 50% tax reduction for the subsequent three consecutive calendar years. The software enterprise qualification is subject to an annual assessment. A qualified encouraged key software enterprise is entitled to a five-year enterprise income tax exemption beginning from the first profit-making calendar year and its applicable enterprise income tax rate for the following calendar year is 10%. The key software enterprise qualification is subject to an annual assessment.
A number of our China operating entities enjoy these preferential tax treatments. There is no guarantee that these entities will be able to renew or maintain the above-mentioned qualifications when such qualifications expire or be able to meet new requirements under continuously evolving rules concerning preferential tax treatments, and if any of our China operating entities fails to do so, it will not be able to continue to enjoy the preferential tax treatments. For example, certain of our subsidiaries did not obtain the key software enterprise status for calendar years 2020 and 2021. The discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. See “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Taxation — PRC Income Tax.”

*We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company.*

On February 3, 2015, the STA issued Bulletin 7, which has been further amended by Bulletin 37, issued by the STA on October 17, 2017 and amended on June 15, 2018. Pursuant to these bulletins, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from this indirect transfer may be subject to PRC enterprise income tax.

There are uncertainties as to the application of Bulletin 7 and Bulletin 37. Bulletin 7 may be determined by the tax authorities to be applicable to some of our offshore restructuring transactions or sale of the shares of our offshore subsidiaries or investments where PRC taxable assets are involved. The transferors and transferees may be subject to the tax filing and the transferees may be subject to withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Bulletin 7 or to establish that we and our non-resident enterprises should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable capital gains of the transactions under Bulletin 7, our income tax costs associated with potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

*Restrictions on currency exchange or outbound capital flows may limit our ability to utilize our PRC revenue effectively.*

Substantially all of our revenue is denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but requires approval from or registration with appropriate government authorities or designated banks under the “capital account,” which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries or VIEs. Currently, our PRC subsidiaries, that are foreign invested enterprises, may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions.

Since 2016, PRC governmental authorities have imposed more stringent restrictions on outbound capital flows, including heightened scrutiny over “irrational” overseas investments for certain industries, as well as over four kinds of “abnormal” offshore investments, which are:

- investments through enterprises established for only a few months without substantive operations;
- investments with amounts far exceeding the registered capital of onshore parent and not supported by its business performance shown on financial statements;
- investments in targets that are unrelated to the onshore parent’s main business; and
- investments with abnormal sources of Renminbi funding suspected to involve illegal transfer of assets or illegal operation of underground banking.

On January 18, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which, among other things, requires stricter
authenticity and compliance verification of outbound investment transactions. In addition, the Outbound Investment Sensitive Industry Catalog (2018) lists certain sensitive industries that are subject to NDRC pre-approval requirements prior to remitting investment funds offshore, which subjects us to increased approval requirements and restrictions with respect to our overseas investment activity. Since a significant amount of our PRC revenue is denominated in Renminbi, any existing and future restrictions on currency exchange or outbound capital flows may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC, make investments, service any debt we have incurred or may incur outside of China, including our outstanding senior notes and other debt securities we may offer in the future or pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

**Fluctuations in exchange rates could result in foreign currency exchange losses to us.**

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. It is difficult to predict how market forces or PRC or U.S. government policy, including any interest rate increases by the Federal Reserve, may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, including from the U.S. government. In August 2019, the U.S. Treasury Department announced that it labelled China a “currency manipulator,” which label was officially dropped by the U.S. Treasury Department in January 2020. However, it is uncertain whether the U.S. government may issue any similar announcement in the future. As a result of such announcement, the United States may take further actions to eliminate perceived unfair competitive advantages created by alleged manipulating actions. Any actions taken by the U.S. Treasury Department in this regard as well as China’s possible responses could result in greater fluctuation of the Renminbi against the U.S. dollar.

A substantial percentage of our revenues and costs are denominated in Renminbi, and a significant portion of our financial assets are also denominated in Renminbi while the majority of our debt is denominated in U.S. dollars. We are a holding company and we rely on dividends, loans and other distributions on equity paid by our operating subsidiaries in China. Any significant fluctuations in the value of the Renminbi may materially and adversely affect our liquidity and cash flows. If we decide to convert our Renminbi into U.S. dollars for the purpose of repaying principal or interest expense on our outstanding U.S. dollar-denominated debt, making payments for dividends on our ordinary shares or ADSs or other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount we would receive. Conversely, to the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. In addition, the revenues and costs of certain of our international businesses are denominated in local currencies. Fluctuations in exchange rates of these currencies against our reporting currency Renminbi will have a material adverse effect on our financial condition and results of operations. From time to time we enter into hedging activities with regard to exchange rate risk. There can be no assurance that our hedging activities will successfully mitigate these risks adequately or at all or that our counterparties will be able to perform their obligations, and in addition hedging activities may result in greater volatility in our financial results.

**The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing.**

PRC laws and regulations in relation to the share issuance and listing of Chinese companies overseas have been evolving. On July 6, 2021, the relevant PRC authorities issued the Opinions on Intensifying Crack Down on Illegal Securities Activities, which called for strengthening the administration over illegal securities activities and enhancing the supervision on overseas listings by Chinese companies. As a follow-up, on February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting relevant guidelines, or collectively, the Overseas Listing Trial Measures, which took effect on March 31, 2023. The Overseas Listing Trial Measures clarify the scope of overseas offerings and listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder. Pursuant to the Overseas Listing Trial Measures, an overseas offering and listing by a Chinese company, including any follow-on offering, secondary listings or other equivalent offering activities, whether directly or indirectly, shall be filed with the CSRC. Specifically, a Chinese company whose securities had already been listed overseas prior to the effectiveness of the Overseas Listing Trial Measures is required to file with the CSRC with respect to any follow-on offering in the same overseas market where its securities are listed within three business days after completion of such follow-on offering. The Overseas Listing Trial Measures have also imposed additional reporting obligations on listed companies upon the occurrence of certain circumstances, including but not limited to change of controlling interest and delisting. See “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Regulation of Overseas Listing.” As the Overseas Listing Trial Measures have just been promulgated, there are substantial
uncertainties as to the interpretation and implementation thereof. If we fail to properly or timely complete the reporting procedures with the CSRC upon the occurrence of the circumstances stipulated in the Overseas Listing Trial Measures, or the filing procedures with the CSRC for our future securities offerings and listings outside of Chinese mainland, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council. In addition, as certain of our subsidiaries are pursuing IPOs outside of Chinese mainland, they may be required to file with the CSRC with respect to their IPOs and listings as well as subsequent securities offerings in an overseas market different from the market where their securities are listed within three business days after their submission of listing application documents to the relevant regulator of the intended listing venue. They may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council if they fail to complete the filing or reporting procedures with the CSRC as required, and we as their controlling shareholder, may also be subject to penalties, sanctions and fines if we organized or aided and abetted such non-compliance.

PRC regulatory authorities have also promulgated laws and regulations relating to cybersecurity review of Chinese companies listing overseas. According to the Revised Cybersecurity Review Measures, any network platform operator possessing over one million users’ individual information must apply for cybersecurity review before listing abroad, and the Draft Cyber Data Security Regulations, also set forth different scenarios where data processors are required to apply for cybersecurity review, including, among others, overseas listing while processing over one million users’ personal information, Hong Kong listing that affects or may affect national security, and other data processing activities that affect or may affect national security. See “— Risks Related to Our Business and Industry — Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection, which are subject to change and uncertain interpretation. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.” As we may conduct follow-on offerings and our subsidiaries may seek listing overseas in the future, we and our subsidiaries may be required to apply for cybersecurity review in accordance with the Revised Cybersecurity Review Measures or the Draft Cyber Data Security Regulations, if adopted, before offerings and listings, as applicable. Failure to comply with these laws and regulations may subject us or our subsidiaries to penalties including fines, suspension of business, prohibition against new user registration and revocation of required licenses. These new and evolving regulatory requirements could significantly increase our regulatory compliance costs, and it is uncertain whether we can, or how long it will take us to, obtain the relevant approval or complete the relevant reviews and filings for any offshore offerings, which would limit or hinder our ability to continue to offer securities to investors and the ability of our subsidiaries to seek IPOs or continue to offer securities to investors. Any uncertainties or negative publicity regarding such approval, reviews and filings could materially and adversely affect our business, prospects, reputation, and the trading prices of our ADSs and/or Shares.

In addition, on February 24, 2023, the CSRC and other PRC governmental authorities jointly issued the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Revised Confidentiality Provisions, which took effect on March 31, 2023. According to the Revised Confidentiality Provisions, Chinese companies that directly or indirectly conduct overseas offerings and listings shall strictly abide by the laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, materials to securities service providers. In the event that such materials contain state secrets or working secrets of government agencies, companies shall first obtain approval from and file with relevant authorities. See “Item 4. Information on the Company — B. Business Overview — Regulation — Other Regulations — Regulation of Overseas Listing.”

Risks Related to Our ADSs and Shares

The trading prices of our ADSs and Shares have been and are likely to continue to be volatile, which could result in substantial losses to holders of our ADSs and/or Shares.

The trading prices of our ADSs and Shares have been and is likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. For example, the high and low closing prices of our ADSs on the NYSE in fiscal year 2023 were US$122.39 and US$63.15, respectively. Likewise, the high and low closing prices of our Shares on the Hong Kong Stock Exchange during fiscal year 2023 were HK$121.00 and HK$61.45, respectively. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong S.A.R. and/or the United States may affect the overall investor sentiment towards other companies with business operations located mainly in China and listed in Hong Kong S.A.R. and/or the United
States and consequently may impact the trading performance of our ADSs and/or Shares. In addition to market and industry factors, the prices and trading volumes for our ADSs and/or Shares may be highly volatile for specific reasons, including:

- variations in our results of operations or earnings that are not in line with market or securities research analyst expectations or changes in financial estimates by securities research analysts;
- regulatory developments, including new laws and regulations issued and the overall trend of government enforcement actions;
- publication of operating or industry metrics by third parties, including government statistical agencies, that differ from expectations of industry or securities research analysts;
- announcements made by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures or capital commitments;
- media and other reports, whether or not comprehensive or true, about our business, our lead founder Jack Ma or other directors and management, Ant Group or our ecosystem participants, our Reorganization and proposed fundraisings or IPOs by subsidiaries, planned conversion to primary listing in Hong Kong, including negative reports published by short sellers, regardless of their veracity or materiality to us;
- timing of the proposed spin-off of our cloud business, the proposed fundraisings or IPOs by our subsidiaries or our planned conversion to primary listing in Hong Kong;
- litigation and regulatory allegations or proceedings that involve us or our ecosystem participants;
- changes in pricing we or our competitors adopt;
- additions to or departures of our management or other key personnel;
- actual or perceived general industry, regulatory, economic and business conditions and trends in China and globally, due to various reasons, including changes in geopolitical landscape;
- some investors or analysts may invest in or value our ADSs and/or Shares based on the economic performance of the Chinese economy, which may not be correlated to our financial performance;
- the inclusion, exclusion, or removal of our ADSs and/or Shares from market indices;
- political or market instability or disruptions, pandemics or epidemics and other disruptions to China’s economy or the global economy, and actual or perceived social unrest in the United States, Hong Kong S.A.R. or other jurisdictions;
- fluctuations of exchange rates among the Renminbi, the Hong Kong dollar and the U.S. dollar; and
- sales or perceived potential sales or other dispositions of existing or additional ADSs and/or Shares or other equity or equity-linked securities.

Any of these factors may result in large and sudden changes in the volume and trading prices of our ADSs and/or Shares. In addition, the stock market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies and industries. These fluctuations may include a so-called “bubble market” in which investors temporarily raise the price of the stocks of companies in certain industries, such as the technology industry, to unsustainable levels. These market fluctuations may significantly affect the trading prices of our ADSs and/or Shares. In the past, following periods of volatility in the market price of a company’s securities, shareholders have often instituted securities class action litigation against that company. We were named as a defendant in certain purported shareholder class action lawsuits described in “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings — Shareholder Class Action Lawsuits.” The litigation process may utilize a material portion of our cash resources and divert management’s attention from our day-to-day operations, all of which could harm our business. If adversely determined, the class action suits may have a material adverse effect on our financial condition and results of operations.

Substantial future sales or perceived potential sales of our ADSs, Shares, or other equity or equity-linked securities in the public market could cause the price of our ADSs and/or Shares to decline significantly.

Sales of our ADSs, Shares, or other equity or equity-linked securities in the public market, or the perception that these sales could occur, could cause the market price of our ADSs and/or Shares to decline significantly. All of our Shares trading on the Hong Kong Stock Exchange and Shares represented by ADSs are freely transferable by persons other than our affiliates.
without restriction or additional registration under the U.S. Securities Act. The Shares held by our affiliates and other shareholders are also available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the U.S. Securities Act, under sales plans adopted pursuant to Rule 10b5-1 or otherwise.

According to public disclosure by SoftBank, SoftBank has monetized a significant amount of the Shares it owns in us through forward contracts. The amount of our shares that SoftBank owns could decrease upon settlement of forward contracts. SoftBank could continue to pledge, monetize or sell more of our ADSs or Shares in the future. If SoftBank divests significant amounts of our ADSs, or further engages in derivative or other financing arrangements with respect to a significant amount of our ADSs or Shares, the price of our ADSs and/or Shares could decline significantly. News, market rumors or speculations about any SoftBank’s plans to divest our shares could also negatively affect the price of our ADS and/or Shares. Additional divestitures in the future of our ADSs and/or Shares by shareholders, announcements of any plan to divest our ADSs and/or Shares, or hedging activities by third-party financial institutions in connection with similar derivative or other financing arrangements entered into by shareholders, could also cause the price of our ADSs and/or Shares to decline.

An active trading market for our ordinary shares on the Hong Kong Stock Exchange, our ADSs on the NYSE and/or our other securities might not be sustained and trading prices of our ordinary shares, ADSs and/or our other securities might fluctuate significantly.

Since our listing in Hong Kong in 2019, we have consistently been one of the most actively-traded companies on the Hong Kong Stock Exchange. However, we cannot assure you that an active trading market for our ordinary shares on the Hong Kong Stock Exchange will be sustained. In addition, we cannot assure you that an active trading market for our ADSs on the NYSE or for our other securities will be sustained. For example, since our listing in Hong Kong in 2019, investors have been converting our ADSs into Shares listed in Hong Kong. If our investors convert a significant portion of our ADSs into Shares listed in Hong Kong or if such conversions happen suddenly or at a rapid pace, the price and liquidity of our ADSs could be severely impacted. The trading price or liquidity for our ADSs on the NYSE and the trading price or liquidity for our ordinary shares on the Hong Kong Stock Exchange in the past might not be indicative of those of our ADSs on the NYSE and our ordinary shares on the Hong Kong Stock Exchange in the future. In addition, legislation, executive orders and other regulatory actions, such as the HFCA Act and U.S. Executive Order 13959, may cause our ADSs to be delisted from the NYSE. See “— Risks Related to Doing Business in the People’s Republic of China — Our ADSs will be delisted and our ADSs and shares prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, if the PCAOB is unable to inspect or investigate completely auditors located in China.” See also “— Risks Related to Our Business and Industry — Changes in international trade or investment policies and barriers to trade or investment, and any ongoing geopolitical conflict, may have an adverse effect on our business and expansion plans, and could lead to the delisting of our securities from U.S. exchanges and/or other restrictions or prohibitions on investing in our securities.” If an active trading market of our ordinary shares on the Hong Kong Stock Exchange, our ADSs on the NYSE or our other securities is not sustained, the market price and liquidity of our ordinary shares, our ADSs or our other securities, could be materially and adversely affected, and there may be difficulties in enforcing obligations with respect to our other securities.

In 2014, the Hong Kong, Shanghai and Shenzhen Stock Exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other’s markets through the trading and clearing facilities of their home exchange. Stock Connect allows certain mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading. If a company’s shares are not considered eligible, they cannot be traded through Stock Connect. It is unclear whether and when the ordinary shares of our company will be eligible to be traded through Stock Connect, if at all. The ineligibility of our ordinary shares for trading through Stock Connect will affect certain mainland Chinese investors’ ability to trade our ordinary shares.

The different characteristics of the capital markets in Hong Kong S.A.R. and the U.S. may negatively affect the trading prices of our ADSs and Shares.

As a dual-listed company, we are subject to Hong Kong and NYSE listing and regulatory requirements concurrently. The Hong Kong Stock Exchange and the NYSE have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our ADSs and our Shares may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of the Shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our Shares notwithstanding that such event may not impact the trading prices of other securities listed in Hong Kong generally or to the same extent, or vice versa.
We may in the future conduct a public offering and listing of our equity securities in Shanghai or Shenzhen, which may result in increased regulatory scrutiny and compliance costs as well as increased fluctuations in the prices of our ADSs and Shares.

We may conduct a public offering and/or listing of our equity securities on a stock exchange in Shanghai or Shenzhen in the future. We have not set a specific timetable or decided on any specific form for an offering in Shanghai or Shenzhen and may not ultimately conduct an offering and listing. The precise timing of the offering and/or listing of our equity securities in Shanghai or Shenzhen would depend on a number of factors, including relevant regulatory developments and market conditions. If we complete a public offering or listing in Shanghai or Shenzhen, we would become subject to the applicable laws, rules and regulations governing public companies listed in Shanghai or Shenzhen, in addition to the various laws, rules and regulations that we are subject to in the United States and Hong Kong S.A.R. as a dual-listed company. The listing and trading of our equity securities in multiple jurisdictions and multiple markets may lead to increased compliance costs for us, and we may face the risk of significant intervention by regulatory authorities in these jurisdictions and markets.

In addition, under current PRC laws, rules and regulations, the ADSs and Shares, will not be interchangeable or fungible with any equity securities we may decide to list on a stock exchange in Shanghai or Shenzhen, and there is no trading or settlement between either the NYSE or the Hong Kong Stock Exchange and stock exchanges in Shanghai or Shenzhen. Furthermore, the NYSE, the Hong Kong Stock Exchange and stock exchanges in Shanghai or Shenzhen have different trading characteristics and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading prices of our ADSs and Shares, accounting for the ADS ratio, may not be the same as the trading prices of any equity securities we may decide to offer and/or list in Shanghai or Shenzhen. The issuance of a separate class of shares and fluctuations in its trading price may also lead to increased volatility in, and may otherwise materially decrease, the prices of our ADSs and Shares.

Our shareholders may face difficulties in protecting their interests, and the ability of our shareholders, the SEC, the U.S. Department of Justice, and other U.S. authorities to bring actions against us may be limited in the foreign jurisdictions where we operate.

We are incorporated in the Cayman Islands and conduct a substantial portion of our operations in China through our subsidiaries and the VIEs. Most of our directors and substantially all of our executive officers reside outside the United States and Hong Kong S.A.R. and a substantial portion of their assets are located outside of the United States and Hong Kong S.A.R. As a result, it may be difficult or impossible for our shareholders (including holders of our ADSs and Shares) to bring an action against us or against these individuals in the Cayman Islands or in China in the event that they believe that their rights have been infringed under the securities laws of the United States, Hong Kong S.A.R. or otherwise. Even if shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands and China may render them unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, Hong Kong S.A.R. or Chinese mainland, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Our corporate affairs are governed by our Memorandum and Articles of Association, and by the Companies Act as well as common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary duties of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority in a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States and Hong Kong S.A.R. In particular, the Cayman Islands has a less-developed body of securities laws than the United States and Hong Kong S.A.R. and provides significantly less protection to investors. In addition, shareholders in Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts or Hong Kong courts.

Our Articles provide that in the event that any shareholder initiates or asserts any claim or counterclaim against us, or joins, offers substantial assistance to or has a direct financial interest in any claim or counterclaim against us, and does not obtain a judgment on the merits in which the initiating or asserting party prevails, then the shareholder will be obligated to reimburse us for all fees, costs and expenses (including, but not limited to, all reasonable attorneys’ fees and other litigation expenses) that we may incur in connection with such claim or counterclaim. These fees, costs and expenses that may be shifted to a shareholder under this provision are potentially significant and this fee-shifting provision is not limited to specific types of actions, but is rather potentially applicable to the fullest extent permitted by law.

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Our fee-shifting provision may dissuade or discourage our shareholders (and their attorneys) from initiating lawsuits or claims against us or may impact the fees, contingency or otherwise, required by attorneys to represent our shareholders. Fee-shifting provisions such as ours are relatively new and untested. There can be no assurance that we will or will not invoke our fee-shifting provision in any particular dispute, or that we will be successful in obtaining fees if we choose to invoke the provision.

In addition, our Articles are specific to us and include certain provisions that may be different from common practices in Hong Kong, such as the absence of requirements that the appointment, removal and remuneration of auditors must be approved by a majority of our shareholders, and the minimum shareholding required to requisition an extraordinary general meeting is one-third of the voting rights of our issued shares which are entitled to vote at general meetings, as opposed to the threshold of 10% voting rights in Hong Kong.

Furthermore, due to jurisdictional limitations, matters of comity and various other factors, the ability of U.S. authorities, such as the SEC and the U.S. Department of Justice, or the DOJ, to investigate and bring enforcement actions against companies may be limited in foreign jurisdictions, including China. Local laws may constrain our and our directors’ and officers’ ability to cooperate with such an investigation or action. For example, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide documents or materials relating to securities business activities to overseas parties. As a result of the foregoing, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors, our officers or our major shareholders, than they otherwise would with respect to a corporation incorporated in a jurisdiction in the United States or Hong Kong S.A.R. Shareholder protection through actions by the SEC, DOJ and other U.S. authorities also may be limited.

As a foreign private issuer in the United States, we are permitted to and we will, rely on exemptions from certain NYSE corporate governance standards applicable to domestic U.S. issuers. This may afford less protection to holders of our ADSs.

We are exempted from certain corporate governance requirements of the NYSE by virtue of being a foreign private issuer in the United States. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practices required to be followed by domestic U.S. companies listed on the NYSE. The standards applicable to us are considerably different than the standards applied to domestic U.S. issuers. For instance, we are not required to:

- have a majority of the board be independent (although all of the members of the audit committee must be independent under the U.S. Exchange Act);
- have a compensation committee or a nominating or corporate governance committee consisting entirely of independent directors;
- have regularly scheduled executive sessions for non-management directors; or
- have executive sessions of solely independent directors each year.

We have relied on and intend to continue to rely on some of these exemptions. As a result, holders of our ADSs may not be provided with the benefits of certain corporate governance requirements of the NYSE.

As a foreign private issuer in the United States, we are exempt from certain disclosure requirements under the U.S. Exchange Act, which may afford less protection to holders of our ADSs than they would enjoy if we were a domestic U.S. company.

As a foreign private issuer in the United States, we are exempt from, among other things, the rules prescribing the furnishing and content of proxy statements under the U.S. Exchange Act and the rules relating to selective disclosure of material non-public information under Regulation FD under the U.S. Exchange Act. In addition, our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit and recovery provisions contained in Section 16 of the U.S. Exchange Act. We are also not required under the U.S. Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. companies with securities registered under the U.S. Exchange Act. For example, in addition to annual reports with audited financial statements, domestic U.S. companies are required to file with the SEC quarterly reports that include interim financial statements reviewed by an independent registered
public accounting firm and certified by the companies’ principal executive and financial officers. By contrast, as a foreign private issuer, we are not required to file such quarterly reports with the SEC or to provide quarterly certifications by our principal executive and financial officers. As a result, holders of our ADSs may be afforded less protection than they would under the U.S. Exchange Act rules applicable to domestic U.S. companies.

We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

We completed our public offering in Hong Kong in November 2019 and the trading of our Shares on the Hong Kong Stock Exchange commenced on November 26, 2019 under the stock code “9988.” As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our Shares on the Hong Kong Stock Exchange, we have been granted a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (WUMP) Ordinance, the Takeovers Codes and the SFO. As a result, we adopt different practices as to those matters, including with respect to the content and presentation of our annual reports and interim reports, as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our Shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong. In addition, we have announced our plan to voluntarily change our secondary listing status on the Hong Kong Stock Exchange to a primary listing, although the timetable of our primary conversion remains uncertain. Once we become dual primary listed in Hong Kong, we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (WUMP) Ordinance, the Takeovers Codes and the SFO, which could result in our needing to undertake additional compliance activities, to devote additional resources to comply with new requirements, and our incurring of incremental compliance costs.

The voting rights of holders of our ADSs are limited by the terms of the Deposit Agreement.

Holders of our ADSs may exercise their voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of the Deposit Agreement. Upon receipt of voting instructions from them in the manner set forth in the Deposit Agreement, the depositary for our ADSs will endeavor to vote their underlying ordinary shares in accordance with these instructions. Under our Articles of Association, the minimum notice period required for convening a general meeting is ten days. When a general meeting is convened, holders of our ADSs may not receive sufficient notice of a shareholders’ meeting to permit them to withdraw their ordinary shares to allow them to cast their votes with respect to any specific matter at the meeting. In addition, the depositary and its agents may not be able to send voting instructions to holders of our ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of our ADSs in a timely manner, but they may not receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any vote. As a result, holders of our ADSs may not be able to exercise their rights to vote and they may lack recourse if the ordinary shares underlying their ADSs are not voted as they requested.

The depositary for our ADSs will give us a discretionary proxy to vote our ordinary shares underlying the ADSs if holders of these ADSs do not give voting instructions to the depositary, except in limited circumstances, which could adversely affect the interests of holders of our ordinary shares and ADSs.

Under the Deposit Agreement for our ADSs, the depositary will give us a discretionary proxy to vote the ordinary shares underlying the ADSs at shareholders’ meetings if holders of these ADSs do not give voting instructions to the depositary, unless:

- we have failed to timely provide the depositary with our notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- voting at the meeting is made on a show of hands.
The effect of this discretionary proxy is that, if holders of our ADSs fail to give voting instructions to the depositary, they cannot prevent our ordinary shares underlying their ADSs from being voted, absent the situations described above, and it may make it more difficult for shareholders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

**Holders of our ADSs may be subject to limitations on transfer of their ADSs.**

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

**Holders of our ADSs may not receive distributions on our ordinary shares or any value for them if it is illegal or impractical to make them available to them.**

The depositary of our ADSs has agreed to pay holders of our ADSs the cash dividends or other distributions it or the custodian for our ADSs receives on our ordinary shares or other deposited securities after deducting its fees and expenses. Holders of our ADSs will receive these distributions in proportion to the number of our ordinary shares that their ADSs represent. However, the depositary is not responsible for making these payments or distributions if it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if the distribution consists of securities that require registration under the U.S. Securities Act but that are not properly registered or distributed pursuant to an applicable exemption from registration. The depositary is not responsible for making a distribution available to any holders of ADSs if any government approval or registration required for the distribution cannot be obtained after reasonable efforts made by the depositary. We have no obligation to take any other action to permit the distribution of our ADSs, ordinary shares, rights or anything else to holders of our ADSs. This means that holders of our ADSs may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available. These restrictions may materially reduce the value of the ADSs.

**Exchange between our Shares and our ADSs may adversely affect the liquidity and/or trading price of each other.**

Our ADSs are currently traded on the NYSE. Subject to compliance with U.S. securities law and the terms of the Deposit Agreement, holders of our Shares may deposit Shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also withdraw the Shares underlying the ADSs pursuant to the terms of the Deposit Agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of Shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our Shares on the Hong Kong Stock Exchange and our ADSs on the NYSE may be adversely affected.

**The time required for the exchange between ADSs and Shares might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of Shares into ADSs involves costs.**

There is no direct trading or settlement between the NYSE and the Hong Kong Stock Exchange on which our ADSs and the Shares are respectively traded. In addition, the time differences between Hong Kong S.A.R. and New York and unforeseen market circumstances or other factors may delay the deposit of Shares in exchange of ADSs or the withdrawal of Shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of Shares into ADSs (and vice versa) will be completed in accordance with the timelines investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, shareholders who exchange Shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

**We may be or may become a passive foreign investment company, which could result in adverse United States federal income tax consequences to United States investors.**
Based on the composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a passive foreign investment company, or PFIC, for our most recent taxable year, although there can be no assurance in this regard. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets and the valuation of our assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes for any taxable year if either: (i) 75% or more of our gross income for that taxable year is passive income, or (ii) at least 50% of the value (generally determined on a quarterly basis) of our assets for that taxable year is attributable to assets that produce or are held for the production of passive income. The calculation of the value of our assets will be based, in part, on the quarterly market value of our ADSs. The market value of our ADSs has been volatile and has declined significantly over the past few years. Any further decline in the price of our ADSs may result in our becoming a PFIC. See “Item 10. Additional Information — E. Taxation — Material United States Federal Income Tax Considerations — Passive Foreign Investment Company.”

In addition, it is not entirely clear how the contractual arrangements between us and the VIEs will be treated for purposes of the PFIC rules. If it were determined that we do not own the stock of the VIEs for United States federal income tax purposes (for example, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC. See “Item 10. Additional Information — E. Taxation — Material United States Federal Income Tax Considerations — Passive Foreign Investment Company.”

If we are or were to become a PFIC, there may be adverse United States federal income tax consequences to our shareholders and holders of our ADSs that are United States investors. For example, if we are a PFIC for any taxable year during which any such United States investor holds our ADSs or ordinary shares, such United States investor may become subject to increased tax liabilities under United States federal income tax laws and regulations, and will become subject to burdensome reporting requirements. There can be no assurance that we will not be a PFIC for the current or any future taxable year. You are urged to consult your own tax advisors concerning the United States federal income tax consequences of the application of the PFIC rules. See “Item 10. Additional Information — E. Taxation — Material United States Federal Income Tax Considerations — Passive Foreign Investment Company.”

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

In connection with the public offering of our ordinary shares in Hong Kong in November 2019, or the Hong Kong IPO, we established a branch register of members in Hong Kong, or the Hong Kong share register. Our ordinary shares that are traded on the Hong Kong Stock Exchange, including those issued in the Hong Kong IPO and those that may be converted from ADSs, are registered on the Hong Kong share register, and the trading of these ordinary shares on the Hong Kong Stock Exchange are subject to the Hong Kong stamp duty. To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we have moved a portion of our issued ordinary shares from our Cayman share register to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.26% of the greater of the consideration for, or the value of, shares transferred, with 0.13% payable by each of the buyer and the seller.

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong S.A.R. and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our ADSs or ordinary shares may be affected.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Alibaba Group Holding Limited is an exempted company incorporated with limited liability under the laws of the Cayman Islands on June 28, 1999, and we conduct our business through our subsidiaries and variable interest entities. We are listed on
the NYSE under the symbol “BABA” and on the Hong Kong Stock Exchange under the stock codes “9988 (HKD Counter)” and “89988 (RMB Counter).”

Our significant subsidiaries, as that term is defined under Section 1-02 of Regulation S-X under the U.S. Securities Act, include the following entities:

- Taobao Holding Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, which is our wholly-owned subsidiary and a holding company of certain major subsidiaries relating to China commerce and Local consumer services businesses.

- Taobao China Holding Limited 淘寶中國控股有限公司, a limited liability company incorporated under the laws of Hong Kong, which is the direct wholly-owned subsidiary of Taobao Holding Limited and a holding company of certain major subsidiaries relating to China commerce and Local consumer services businesses.

- Alibaba.com Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, which is our wholly-owned subsidiary and a holding company of certain major subsidiaries relating to China commerce, International commerce and Cloud businesses.

- Alibaba.com Investment Holding Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, which is the direct wholly-owned subsidiary of Alibaba.com Limited and a holding company of certain major subsidiaries relating to China commerce, International commerce and Cloud businesses.

- Alibaba.com China Limited 阿里巴巴網絡中國有限公司, a limited liability company incorporated under the laws of Hong Kong, which is the direct wholly-owned subsidiary of Alibaba.com Investment Holding Limited and mainly operates back office and administrative functions.

- Alibaba Investment Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, which is our wholly-owned subsidiary and a holding company for strategic investments and major subsidiaries relating to Digital media and entertainment business.

- Alibaba Group Services Limited, a limited liability company incorporated under the laws of Hong Kong, which is our wholly-owned subsidiary and operates as our treasury center in Hong Kong.

- Taobao (China) Software Co., Ltd. 淘宝（中国）软件有限公司, a limited liability company incorporated under the laws of the PRC, which is a direct wholly-owned subsidiary of Taobao China Holding Limited, and provides software and technology services for Taobao.

- Zhejiang Tmall Technology Co., Ltd. 浙江天猫技术有限公司, a limited liability company incorporated under the laws of the PRC, which is a direct wholly-owned subsidiary of Taobao China Holding Limited, and provides software and technology services for Tmall.

- Alibaba (China) Technology Co., Ltd. 阿里巴巴（中国）网络技术有限公司, a limited liability company incorporated under the laws of the PRC, which is jointly owned by Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd. and Alibaba.com China Limited, and mainly operates our wholesale marketplaces and cross-border commerce retail and wholesale businesses.

- Alibaba (China) Co., Ltd. 阿里巴巴（中国）有限公司, a limited liability company incorporated under the laws of the PRC, which is a direct wholly-owned subsidiary of Alibaba Group Services Limited, and is mainly involved in our strategic cooperation.

The principal executive offices of our main operations are located at 969 West Wen Yi Road, Yu Hang District, Hangzhou 311121, People’s Republic of China. Our telephone number at this address is +86-571-8502-2088. Our registered office in the Cayman Islands is located at the offices of Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands. Our agent for service of process in the United States is Corporation Service Company located at 1180 Avenue of the Americas, Suite 210, New York, New York 10036. Our corporate website is www.alibabagroup.com.
We have a demonstrated track record of successful organic business creation. In addition to organic growth, we have made, or have entered into agreements to make strategic investments, acquisitions and alliances that are intended to further our strategic objectives. See “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Recent Investment, Acquisition and Strategic Alliance Activities” for more information.

We are subject to the periodic reporting and other disclosure requirements under the U.S. Exchange Act that are applicable to foreign private issuers in the United States. Under the U.S. Exchange Act, we are required to file periodic reports, financial statements and other information with the SEC. We are required to, among other things, file our annual report on Form 20-F within four months after the end of each fiscal year. However, we are exempt from certain disclosure requirements under the U.S. Exchange Act that apply to domestic U.S. companies, and we are not required to file periodic reports and financial statements with the SEC as frequently as or as promptly as domestic U.S. companies with securities registered under the U.S. Exchange Act. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our ADSs and Shares — As a foreign private issuer in the United States, we are exempt from certain disclosure requirements under the U.S. Exchange Act, which may afford less protection to holders of our ADSs than they would enjoy if we were a domestic U.S. company.” Copies of our periodic reports, financial statements and other information, once filed with the SEC, can be read and copied at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the SEC’s regional offices in New York, New York and Chicago, Illinois. You can also request copies of these documents, upon payment of a duplicating fee, by writing information on the operation of the SEC’s Public Reference Room. The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our annual report and some of the other information submitted by us to the SEC may be accessed through this website. Such information can also be found on our investor relations website at https://www.alibabagroup.com/en-US/investor-relations.

Share Repurchase Program

In May 2019, our board of directors authorized a share repurchase program for an amount of up to US$6.0 billion over a period of two years, which has since been upsized and extended a number of times by our board of directors. Most recently, in November 2022, our board of directors authorized a further upsize of our share repurchase program to US$40.0 billion which is effective through March 2025. See “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers” for more details.

B. Business Overview

Our Mission

Our mission is to make it easy to do business anywhere.

Our founders started our company to champion small businesses, in the belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in domestic and global economies. We believe that concentrating on customer needs and solving their problems – whether those customers are consumers, merchants or enterprises – ultimately will lead to the best outcome for our business. In the digital era, we are staying true to our mission by helping our customers and business partners harness the power of digital technology. We have developed a large ecosystem powered by technology infrastructure that enables participants to create and share value on our platforms. Our decisions are guided by how they serve our mission over the long term, not by the pursuit of short-term gains.

Our Vision

We aim to build the future infrastructure of commerce. We envision that our customers will meet, work and live at Alibaba, and that we will be a good company that lasts for 102 years.

Meet @ Alibaba. We enable commercial and social interactions among hundreds of millions of users, between consumers and merchants, and among businesses every day.

Work @ Alibaba. We empower our customers with the fundamental infrastructure for commerce and new technology, so that they can build businesses and create value that can be shared among our ecosystem participants.

Live @ Alibaba. We strive to expand our products and services to become central to the everyday lives of our customers.
We are proactively transforming our organization through a new organizational and governance structure to strengthen the competitiveness of our businesses through greater independence to address the evolving needs of different customers and capture new opportunities. We believe this transformation will help us achieve our long-term vision of serving a global consumer base, enabling more businesses to become profitable and creating more jobs.

**102 Years.** We do not pursue size or power; we aspire to be a good company that will last for 102 years. For a company that was founded in 1999, lasting for 102 years means we will have spanned three centuries, an achievement that few companies can claim. Our culture, business models and systems are built to last, so that we can achieve sustainability in the long run.

**Our Values**

Our values are fundamental to the way we operate and how we recruit, evaluate and compensate our people. Our six values are:

- **Customers first, employees second, shareholders third** – This reflects our choice of what’s important, in order of priority. Only by creating sustained customer value can employees grow and shareholders achieve long-term benefit.

- **Trust makes everything simple** – Trust is both the most precious and fragile thing in the world. The story of Alibaba is a story of building and cherishing trust. Complexity begets complexity, and simplicity breeds simplicity. Aliren (阿里人) are straightforward – what you see is what you get. With trust, there is no second-guessing or suspicion, and the result is simplicity and efficiency.

- **Change is the only constant** – Whether you change or not, the world is changing, our customers are changing and the competitive landscape is changing. We must face change with respect and humility. Otherwise, we will fail to see it, fail to respect it, fail to understand it and fail to catch up with it. Whether you change yourself or create change, both are the best kinds of change. Embracing change is the most unique part of our DNA.

- **Today’s best performance is tomorrow’s baseline** – In Alibaba’s most challenging times, this spirit has helped us overcome difficulties and survive. In bad times, we know how to motivate ourselves; in good times, we dare to set “dream targets” (stretch goals). Face the future, or we regress. We must shoot for the moon, challenge ourselves, motivate ourselves and exceed ourselves.

- **If not now, when? If not me, who?** – This was a tagline in Alibaba’s first job advertisement and became our first proverb. It is not a question, but a call of duty. This proverb symbolizes the sense of ownership that each Aliren must possess.

- **Live seriously, work happily** – Work is now, life is forever. What you do in your job is up to you, but you have responsibility to the ones who love you. Enjoy work as you enjoy life; treat life seriously as you do work. If you live with purpose, you will find reward. You make Alibaba different and make your loved ones proud. Everyone has their own view of work and life; we respect each person’s choice. Whether you live by this value depends on how you live your life.

**Company Overview**

To fulfill our mission “to make it easy to do business anywhere,” we enable businesses to transform the way they market, sell and operate and improve their efficiencies. We provide the technology infrastructure and marketing reach to help merchants, brands, retailers and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way. We also empower enterprises with our leading cloud infrastructure and services and enhanced work collaboration capabilities to facilitate their digital transformation and to support the growth of their businesses.

For fiscal year 2023, our businesses are comprised of China commerce, International commerce, Local consumer services, Cainiao, Cloud, Digital media and entertainment, and Innovation initiatives and others. An ecosystem has developed around our platforms and businesses that consists of consumers, merchants, brands, retailers, third-party service providers, strategic alliance partners and other businesses.
China Commerce

China Commerce Retail

We are the largest retail commerce business in the world in terms of GMV in the twelve months ended March 31, 2023, according to Analysys. Our China commerce retail businesses primarily include Taobao and Tmall, which together constitute the world’s largest digital retail business in terms of GMV for the twelve months ended March 31, 2023, according to Analysys, Taobao Deals which offers consumers value-for-money products, Taocaicai which provides next-day pick-up services for groceries and fresh goods at neighborhood pick-up points, as well as our direct sales businesses which offer upgraded consumer experiences with integrated online and offline capabilities, including Tmall Supermarket, Freshippo and Sun Art. During the same period, we generated approximately 65% of our revenue from our retail commerce business in China.

We have also developed a digital commerce infrastructure that offers an upgraded consumer experience by seamlessly integrating online and offline capabilities for our marketplaces and direct sales businesses. Leveraging our product and supply chain capabilities as well as fulfillment and delivery expertise, our consumers can enjoy a broad variety of quality products at different price points with a wide selection of delivery options that satisfy their varying needs.

China Commerce Wholesale

1688.com, China’s largest integrated domestic wholesale marketplace in 2022 by net revenue, according to Analysys, connects wholesale buyers and sellers across a wide range of categories.

International Commerce

International Commerce Retail

Our International commerce retail businesses, including Lazada, AliExpress, Trendyol and Daraz, empower brands and merchants with local market insights and critical commerce infrastructure, in turn serving local consumers through wide product selection and differentiated customer experience. Lazada, a leading and fast-growing e-commerce platform in Southeast Asia, serves one of the largest user bases among the global e-commerce platforms by providing consumers with access to a broad range of offerings from local SMEs, and regional and global brands. Additionally, Lazada operates one of the leading e-commerce logistics networks in Southeast Asia, which provides reliable, quality and convenient logistics services to its consumers and merchants. AliExpress, one of our international retail marketplaces, enables global consumers to buy directly from manufacturers and distributors in China and around the world. During the first quarter of 2023, AliExpress launched a new service Choice, which offers global consumers a curated selection of great value products across an extensive range of categories. Consumers in selected countries enjoy free shipping, free returns and quality delivery guarantees when placing orders on Choice. By leveraging chartered flights and utilizing overseas warehouses, AliExpress is able to offer these value-added services with shortened delivery time in key strategic countries. Trendyol, which we believe is by far the leading e-commerce platform in Türkiye in terms of both GMV and order volume in 2022, serves consumers with a broad selection of products and services through its e-commerce business as well as local consumer services for food and groceries. Consumers also enjoy the quality and convenient delivery services provided by Trendyol’s fulfillment and logistics networks. Beyond Türkiye, Trendyol has expanded internationally by leveraging its product sourcing capabilities and supply chain advantages in Türkiye. We also operate Daraz, a leading e-commerce platform across South Asia with key markets in Pakistan and Bangladesh. Additionally, in November 2022, we launched Miravia, an e-commerce platform in Spain that connects brands and content creators with consumers by providing consumers with an innovative and entertaining shopping experience.

International Commerce Wholesale

We operate Alibaba.com, China’s largest integrated international online wholesale marketplace in 2022 by revenue, according to Analysys. During fiscal year 2023, buyers who sourced business opportunities or completed transactions on Alibaba.com were located across over 190 countries.

Local Consumer Services
We use mobile and online technology to enhance the efficiency, effectiveness and convenience of consumer services for both service providers and their customers in two distinct scenarios: “To-Home” and “To-Destination.”

Our “To-Home” business enables consumers to order food and beverages, groceries, FMCG, flowers and pharmaceutical products anytime and anywhere through Ele.me, a leading local services and on-demand delivery platform.

Our “To-Destination” businesses, including Amap, Fliggy and Koubei, provide consumers with convenient access to quality services at their destinations. Amap, a leading provider of mobile digital map, navigation and real-time traffic information in China, provides users with a simple one-stop access point to services such as navigation, local services and ride-hailing. Fliggy, a leading online travel platform, provides comprehensive services to meet consumers’ travel needs. Koubei, our restaurant and local services guide platform for in-store consumption, provides merchants with targeted marketing solutions, digital operation capabilities and analytics tools and allows consumers to discover local services content on the platform.

**Cainiao**

Leveraging our self-developed and our logistics partners’ capacities and capabilities, Cainiao offers domestic and international one-stop-shop logistics services and supply chain management solutions, addressing various logistics needs of merchants and consumers at scale. Cainiao also uses data insights and technology to digitalize the entire logistics process and enhance the capabilities of our logistics partners, thereby improving consumer experience and efficiency across the logistics value chain. For consumers, Cainiao offers parcel pick-up services through Cainiao Post, our neighborhood logistics solution that operates a network of neighborhood, campus and rural village stations and residential self pick-up lockers. Consumers can also enjoy parcel pick-up at the doorstep and time-guaranteed delivery service through Cainiao. For merchants, Cainiao has built a full-fledged fulfillment network at provincial, city, and county levels in China, which offers customized fulfillment solutions to different types of merchants on our platforms. Globally, Cainiao has developed a network of assets and partners to support merchants on our cross-border and international commerce retail platforms such as AliExpress, Tmall Global and Lazada.

**Cloud**

Our Cloud segment is comprised of Alibaba Cloud and DingTalk. Alibaba Group is the world’s third largest and Asia Pacific’s largest Infrastructure-as-a-service provider by revenue in 2022 in U.S. dollars, according to Gartner’s April 2023 report (Source: Gartner®, “Market Share: IT Services, Worldwide, 2022”, Neha Sethi et al., 14 April 2023, Sorted by Infrastructure-as-a-Service, Vendor Revenue Basis) (Asia Pacific refers to Mature Asia/Pacific, Greater China, Emerging Asia/Pacific and Japan, and market share refers to that of infrastructure-as-a-service ). Alibaba Group is also China’s largest provider of public cloud services by revenue in 2022, including PaaS and IaaS services, according to IDC (Source: IDC Quarterly Public Cloud Services Tracker, 2022H2&2022Q4). Alibaba Cloud offers a complete suite of cloud services, including proprietary servers, computing, storage, network, security, database, big data, container, machine learning, and model training and inference, serving our ecosystem and beyond. We leverage these capabilities and technologies to provide our customers across various verticals with industry-specific solutions, enabling intelligent business decisions and operations. In addition, we offer Alibaba Cloud’s enterprise customers a number of DingTalk’s solutions to empower them with enhanced work collaboration capabilities and easy access to Alibaba Cloud’s big data analytics and AI capabilities, further facilitating their digital transformation. We believe our cloud services’ added value translates into direct and tangible results, and these services have become a critical foundation for our customers, many of whom are reputable industry leaders in their respective verticals. In April 2023, Alibaba Cloud unveiled its latest large language model (LLM), Tongyi Qianwen. The new LLM will be integrated into all business applications across Alibaba’s ecosystem in the near future to further enhance user experience. To enable enterprise customers to reap the benefits of AI-driven innovation, Alibaba Cloud will offer its clients access to Tongyi Qianwen on the cloud and enable them to develop customized LLM for their business scenarios. DingTalk is our intelligent collaboration workplace and application development platform that offers new ways of working, sharing and collaboration for modern enterprises and organizations. Equipped with our cloud capabilities and big data analytics, DingTalk aims to facilitate the digital transformation of enterprises and organizations. Millions of enterprises and users use DingTalk to stay connected and work remotely. According to QuestMobile, DingTalk is the largest business efficiency mobile app in China by monthly active users in March 2023.

**Digital Media and Entertainment**

Digital media and entertainment is a natural extension of our strategy to capture consumption beyond our commerce businesses. Insights we gain from our commerce businesses and our proprietary data technology enable us to deliver relevant
digital media and entertainment content to consumers. This synergy delivers a superior entertainment experience, increases customer loyalty and improves monetization for content providers across the ecosystem.

Youku, a leading online long-form video platform in China, serves as one of our key distribution platforms for digital media and entertainment content. Quark, our one-stop platform for information search, storage and consumption, helps young users access, process and manage a variety of digital content and information for learning and work purposes. In addition, Alibaba Pictures, driven by high-quality content and technology, is an integrated platform that provides content production, promotion and distribution, intellectual property-related licensing and commercial operation, cinema ticketing management and Internet data services for the entertainment industry. Youku, Quark, Alibaba Pictures and our other platforms, such as newsfeed and literature platforms, allow users to discover and consume content as well as interact with each other. In addition, we develop, operate and distribute mobile games through Lingxi Games.

**Innovation Initiatives and Others**

We continue to innovate and develop new service and product offerings with the goals of meeting the needs of our customers, improving efficiency in their daily lives and creating synergies among our ecosystem participants. DAMO Academy, our global research program in cutting-edge technologies, aims to integrate and speed up knowledge exchange between science and industry. DAMO Academy encourages a collaborative environment that facilitates the application of scientific discoveries to real-life circumstances. Tmall Genie smart speaker, a leading smart speaker in China, provides an interactive interface for our customers to easily access services offered by our ecosystem participants.

**Our Ecosystem**

An ecosystem has developed around our platforms and businesses, consisting of consumers, merchants, brands, retailers, third-party service providers, strategic alliance partners and other businesses. At the nexus of this ecosystem are our technology platform, our marketplace rules and the role we play in connecting these participants to make it possible for them to discover, engage and transact with each other and manage their businesses anytime and anywhere. Much of our effort, time and energy is spent on initiatives that are for the greater good of the ecosystem and on balancing the interests of its participants. We feel a strong responsibility for the continued development of the ecosystem and we take ownership in this development. Accordingly, we refer to this as “our ecosystem.” Our ecosystem has strong self-reinforcing network effects benefitting its various participants, who are in turn invested in our ecosystem’s growth and success.

The following chart sets forth our main businesses for fiscal year 2023 by segment:
Our Strategies

In an increasingly complex world, digital adoption and transformation of our customers are accelerating across different industries. On the consumer retail side, online shopping is no longer simply a purchase behavior for more consumers but has also become a necessary rather than an optional channel of sales to brick-and-mortar retailers. For enterprises and organizations, digital transformation is accelerating as technology changes the way people live and work. Recently, generative AI, an innovative technology product enabled by large language models, or LLMs, excited the world with possibilities of elevating productivity and efficiency to a new level, and further accelerating the digital transformation of enterprises and organizations.

We believe such transformation presents tremendous opportunities and requires us to be more focused, innovative and agile in establishing our strategic capabilities and priorities. To this aim, we are proactively transforming our organization through a new organizational and governance structure to strengthen the competitiveness of our businesses through greater independence and further unlock value for our shareholders. We believe our new structure will empower all of our businesses to become more agile and nimble in decision making, responding to market changes and promoting innovations.

With our environmental, social and governance responsibilities as the foundation of our long-term strategy, we strive to strengthen our leadership and build core capabilities in three strategic areas: consumption, cloud, and globalization.

Consumption

Consumption continues to present significant opportunities in China and globally.

In China, while we believe that our annual active consumer base already captures the vast majority of Internet users with meaningful consumption power, there remains significant opportunities for us in wallet share expansion. We aim to capture these opportunities by providing differentiated value services to our customers with different consuming power, needs and mindset. We offer a multi-dimensional matrix of consumer apps with clearly differentiated value propositions that aim to meet the various consumer demands across metropolitan and less-developed regions, differing time sensitivities, and different income levels and consumption models.

We will continue to enhance and enrich our portfolio of consumer apps, and enable new consumption models and formats to better serve the evolving needs of consumers. We are also further strengthening our supply chain capabilities, including through direct sales model and integrated online and offline solutions, to strengthen the competitiveness of our products and services and enhance our penetration in categories that are essential to our consumers’ daily lives.

In addition, to enhance the positioning of our Taobao app, China’s largest digital retail platform, from a transaction-focused marketplace to a consumer destination for discovery and shopping, we continue to focus on creating personalized, immersive and interactive experience through relevant and highly engaging consumption-related content and our apps’ rich interfaces and features. We are also actively exploring new consumption models, formats and technologies to create better shopping experience for our users.

Over the years, we have established a comprehensive infrastructure for digital commerce with diversified fulfillment models. Through Cainiao, we aim to establish a hybrid delivery network covering intracity, intercity and supply chain services. We are building instant delivery and same-city express delivery capabilities in key cities in China to fulfill a reliable neighborhood shopping experience. We are also investing to establish a nationwide express delivery network with cold-chain, bulky and large appliance delivery capabilities to provide merchants with comprehensive delivery options in key categories such as fresh produce, FMCG and electronics. We will continue to invest in these capabilities to enhance our core competitiveness and value creation to our merchants and consumers, achieving sustainable and high-quality growth.

We will discuss the consumption opportunity outside of China under the globalization strategy.

Cloud

We believe that digitalization presents the biggest opportunity of our time, and cloud computing plays a fundamental role in the digital transformation across various industries. Cloud is rapidly replacing traditional IT infrastructure with much higher efficiency at lower cost. It enables traditionally unstructured, undiscovered and underutilized data to be captured, activated and harnessed as a new source of intelligence to help businesses make decisions, improve operating efficiency and grow. With the onset of generative AI, digital transformation of enterprises and organizations will further accelerate to achieve
higher level of operating efficiency and business growth. In order to capture the tremendous opportunities of enterprise
digitalization, we will continue to strengthen our market leadership as a global cloud service provider, and focus on high-
quality growth through improving operating efficiency, enhancing core products and technologies, investing in innovative
technology and products to empower next-generation entrepreneurs and advancing our Cloud-DingTalk integration strategy.

We strive to empower our customers and ecosystem partners with powerful digital infrastructure to support the growth of
their businesses. We will continue to work with industry partners to develop vertical-specific solutions to facilitate digital
transformation of various industries. Our strategic initiative to integrate DingTalk with Alibaba Cloud has enabled enterprise
customers to digitalize their organization and business collaboration through DingTalk’s open platform, with data generated
and accumulated to cloud. We will continue to expand the user base of DingTalk’s core applications and strengthen its open-
platform ecosystem of industry solutions to enable further digitalization of business operations within and across
organizations. We will also cultivate new business opportunities in industrial digitalization and next-generation Internet
through investments in cloud-based industry solutions and frontier technologies.

Globalization

Despite the uncertainties and complexities in the global macro environment, we remain firmly committed to our globalization
strategy. We will take full advantage of the vast opportunities in the global market to serve customers in and outside of
China. Our globalization strategy has two components: globalization of consumption and globalization of cloud. Both of
these can only be sustained with the support of local ecosystems of consumption and technology.

We strive to make diversified offerings available to our users worldwide by empowering our local merchants and partners,
supported by our supply chain advantages in China and cross-border capabilities. Stemming from Southeast Asia, we strive
to serve consumers and merchants around the world through both localized and cross-border offerings. We will continue to
develop our local and cross-border retail commerce in key strategic markets, such as Southeast Asia and Europe, while
exploring business model innovations. To support the globalization initiatives of our commerce businesses, we plan to
continue developing critical international infrastructure and capabilities, including logistics and payment, in order to drive
differentiated and superior experience for our users in key strategic markets.

In addition, as the largest IaaS service provider in Asia Pacific, we continue to expand our international cloud infrastructure
and strengthen local cloud service capabilities, especially in Southeast Asia. We have set up data centers in 28 regions
globally, including Singapore, Indonesia, Malaysia, the Philippines and Thailand, among others. We aim to empower local
customers with our strong cloud capabilities, customized vertical-specific solutions and localized services to better serve
industrial digitalization demands globally. We also strive to work with our local partners to build up ecosystems of cloud
computing, further driving the digital transformation across various industries.

Environmental, Social and Governance Responsibilities

ESG, as the foundation of our long-term strategy, not only provides a framework for solving a series of global challenges, but
also serves as the bridge to carry Alibaba to 102 years. We believe we can only create and sustain a profitable and prosperous
business by bringing positive change to the society. We are committed to assuming greater responsibility while pursuing
business excellence as the operator of a platform economy. See “— Environmental, Social and Governance (ESG).”

Our Businesses

China Commerce

China Commerce Retail

We operate the largest retail commerce business in the world in terms of GMV in the twelve months ended March 31, 2023,
according to Analysys. Our retail commerce businesses in China, primarily consisting of Taobao, Tmall and our various
direct sales businesses which offer upgraded consumer experiences with integrated online and offline capabilities, have
become an important part of the everyday lives of consumers in China. Empowered by our commerce technologies and
services, we appeal to a massive base of consumers by connecting them with diversified and comprehensive offerings in
highly engaging and social formats.

- Consumers. We serve a large and diversified consumer base in China, across both large cities and less-
developed areas. We believe our platforms continue to appeal to consumers at various income levels and
address their evolving consumption needs. For example, Taobao Deals offers consumers value-for-money products and Taocaicai provides consumers with next-day pick-up services for a wide range of groceries and fresh goods at neighborhood pick-up points.

In addition, our ability to offer and deliver value has driven increased consumer engagement over time. Generally, the longer consumers have been with us, the more orders they tend to place across a more diverse range of product categories. Consumers on Taobao and Tmall continue to exhibit high retention. In fiscal year 2023, there were more than 124 million annual active consumers who each spent more than RMB10,000 on purchasing physical goods on Taobao and Tmall. For fiscal year 2023, the retention rate of annual active consumers who each spent over RMB10,000 on purchasing physical goods on Taobao and Tmall in the prior fiscal year stayed at a similar level compared to that of fiscal year 2022.

- **Products and Services.** We believe our ecosystem offers the most comprehensive range of products and services among global commerce platforms to meet the diverse demands of our massive and diversified consumer base across different segments. We have developed a digital commerce infrastructure that offers an upgraded consumer experience by seamlessly integrating online and offline capabilities for our marketplaces and direct sales businesses. Consumers can enjoy a broad variety of quality products at different price levels with a wide selection of delivery options that satisfy their varying needs. The core capabilities that form the critical foundation of our digital commerce infrastructure include the following:

  - **Product and supply chain capabilities.** We believe our ecosystem provides the most comprehensive product and service offerings. Our platforms, through collaboration with our merchants and ecosystem partners, offer products ranging from branded products and imported goods to products sourced directly from manufacturers and farms and to other long-tail products. For example, consumers may look for branded products, including luxury brands, trendy fashion brands and new brands, on Tmall, and imported products from around the world on Tmall Global. Taobao Deals enables manufacturers and merchants to sell directly to consumers to meet their needs for value-for-money products. In fiscal year 2023, paid GMV of manufacturer-to-consumer products grew more than 40%. Taocaicai satisfies consumers’ needs for quality and affordable groceries and fresh goods with its next-day pick-up services. Xianyu, our consumer-to-consumer community and marketplace in China, enables consumers to find a wide variety of idle goods, recycled goods, consignment, items for rent, and other long-tail products. In addition, we continue to expand our proprietary supply chain through our direct sales businesses to further enhance our product supply and service capabilities. For example, we leverage Sun Art’s, Freshippo’s and their retail partners’ supply chain networks to provide greater selection of fresh goods and FMCG. We also continue to go upstream to source agricultural products directly to enhance our product selection as well as provide more local and seasonal specialties to our consumers. These extensive supply chain networks and our in-house sourcing capabilities enable us to further penetrate into various verticals.

  - **Fulfillment and delivery expertise.** We have developed logistics expertise and capabilities that allow us to offer a full range of high-frequency fulfillment services to satisfy consumer demand. Our comprehensive delivery options include on-demand delivery, half-day delivery, same-or-next-day delivery and next-day pick-up services, which capture the varying needs of consumers living in large cities and less-developed areas. For example, Freshippo’s proprietary fulfillment system enables 30-minute store-to-door delivery for consumers living within a three-kilometer radius of a Freshippo Supermarket store; we provide groceries and fresh goods to consumers with Taocaicai’s next-day pick-up services; and Tmall Supermarket offers daily necessities, FMCG and general merchandise through Taobao app with same-or-next-day delivery services.

- **Engagement.** The massive amount of user and merchant activities taking place every day on our China commerce platforms generate significant consumer insights. By leveraging proprietary AI and data technologies, we are able to aggregate and build on deep consumer insights to provide more accurate search results and relevant recommendation feeds that enhance the shopping experience for our consumers. Our various commerce platforms also enable merchants to engage with consumers through a variety of formats, including livestreaming, short-form videos, interactive games and microblogs. We continue to introduce interactive features and innovative formats to facilitate user engagement with brands, merchants and content creators. Along with these features and formats, our relevant and engaging entertainment content plays an important role in consumers’ product discovery process and shopping journey by providing an immersive and personalized shopping experience, and driving user stickiness and retention on our various platforms.
Taobao

Taobao means “search for treasure” in Chinese. Taobao serves as the starting point and destination portal for many users’ shopping journey. Consumers from both large cities and less-developed areas come to Taobao to enjoy an engaging and personalized shopping experience, optimized by our data analytics and technology. Through highly relevant content, engaging and interactive formats and real-time updates from merchants, consumers can learn about products and new trends. They can also interact with each other and their favorite merchants and KOLs through a broad range of interactive features such as livestreaming and short-form videos. Taobao is China’s largest digital retail platform, in terms of GMV for the twelve months ended March 31, 2023, according to Analysys.

Taobao provides a top-level traffic funnel that directs users to the various marketplaces, channels and features within our ecosystem. For example, a search result on Taobao displays listings not only from Taobao merchants but also from Tmall merchants and brands, thereby generating traffic for Tmall. Through Taobao, consumers can also find long-tail products on Xianyu, our consumer-to-consumer community and marketplace in China, as well as other products and consumer services, which may also be accessed through their respective independent mobile apps.

Merchants on Taobao are primarily individuals and small businesses. Merchants can create storefronts and listings on Taobao free of charge. The escrow payment services provided by Alipay are free of charge to consumers and merchants unless payment is funded through a credit product such as a credit card, in which case Alipay charges a fee to the merchant based on the related bank fees charged to Alipay. Taobao merchants can purchase P4P, in-feed marketing and display marketing services to direct traffic to their storefronts. In addition, merchants can acquire additional traffic from third-party marketing affiliates. Taobao merchants can also pay for advanced storefront software that helps upgrade, decorate and manage their online storefronts.

Tmall

Tmall caters to consumers’ ever-growing demand for high-quality products and premium shopping experience. A large number of international and Chinese brands and retailers have established storefronts on Tmall. We have positioned Tmall as a trusted platform for consumers in China and overseas to buy both homegrown and international-branded products as well as products not available in traditional retail outlets. As the brands and offerings on Tmall continue to grow and diversify, we continue to improve our ability to accurately target and meet different consumer demands. In the twelve months ended March 31, 2023, Tmall is the largest third-party online and mobile commerce platform for brands and retailers in the world in terms of GMV, according to Analysys.

Tmall is the partner of choice for brands. Brands and retailers operate their own storefronts on Tmall with unique brand identities and look and feel, accompanied by full control over their own branding and merchandising. Because of the presence of a large number of brands and the stringent standards required for merchants, brands and retailers to join and operate on Tmall, a presence on Tmall has become a validation of quality, allowing merchants, brands and retailers to take advantage of our significant traffic to extend and build brand awareness and customer engagement. Major international brands that have physical operations in China are well represented on Tmall.

Brands and retailers turn to Tmall not only for its broad user base, but also for its consumer insights and technology. Tmall has driven the digitalization and transformation of brands and retailers by enabling them to digitalize their operations, engage, acquire and retain consumers, increase brand recognition, innovate product offerings, manage supply chains and enhance operating efficiency. In particular, Tmall offers a variety of one-stop brand marketing and promotional products to help brands and retailers quickly acquire new users, enhance brand awareness and launch new products.

We also continue to position Tmall as the premier shopping destination for everyday items, highlighting value and convenience. Consumer electronics, apparel and accessories, and FMCG are among Tmall’s most popular product categories. We have also strengthened consumer recognition of Tmall’s value proposition in consumer electronics and home appliances through promotional events and strategic partnerships.

Like merchants on Taobao, brands and merchants on Tmall have access to P4P, in-feed marketing and display marketing services as well as storefront software, which they can use to fully engineer, customize, and even code the software behind their storefronts.

Taobao Deals
Taobao Deals offers value-for-money products by enabling merchants and manufacturers to sell directly to consumers, including those in less-developed areas and large cities. Taobao Deals has enriched product supply capabilities to optimize logistics costs and improve delivery experience for consumers, and enhanced digital consumption experience for price sensitive consumers. During fiscal year 2023, Taobao Deals continued to enrich product supply and the paid GMV of products sold directly from manufacturers to consumers on Taobao Deals grew over 40% year-over-year.

**Taocaicai**

Taocaicai is our community marketplace that offers consumers next-day pick-up services for daily consumer groceries and fresh goods at neighborhood pick-up points. Leveraging the strong product and supply chain capabilities of Sun Art, Taobao Deals and Lingshoutong, Taocaicai provides consumers with a broad selection of quality groceries and fresh produce at competitive prices. In fiscal year 2023, Taocaicai has rapidly established solid market presence in regions that have large population with meaningful consumption power, generating strong GMV growth. At the same time, Taocaicai’s unit economics per order has continued to improve, benefitting from higher regional order density, and improving gross margin from enhanced supply chain capabilities.

**Tmall Supermarket**

Tmall Supermarket offers daily necessities, FMCG and general merchandise through Taobao app with same-or-next-day delivery services. By leveraging our technology capabilities and consumer insights, Tmall Supermarket facilitates the digital transformation of its offline partners, enhancing their supply chain management capabilities.

**Tmall Global**

Tmall Global addresses increasing demand of consumers in China for international products and brands. Tmall Global serves as the premier platform through which overseas brands and retailers reach consumers in China, build brand awareness and gain valuable consumer insights to form their overall China strategies, without the need for physical operations in China. We believe Tmall Global is a leading import e-commerce platform in China.

**Digital Healthcare and Pharmaceutical E-commerce**

Alibaba Health is our flagship vehicle that offers one-stop solutions to consumers through integrating online and offline resources of the pharmaceutical and healthcare industries. We prioritize the needs of the customers through leveraging the strength of the existing pharmaceutical e-commerce business along with exploring innovative business models of Internet healthcare services.

**Freshippo**

Freshippo, our new retail platform for groceries and fresh goods, seamlessly integrates the online and offline retail experiences, providing consumers with a new shopping experience. Consumers visit over 300 Freshippo Supermarket stores for the touch and feel of quality fresh goods, join tasting events for new products, and shop for private label or exclusive products that are not available elsewhere or simply spend time with family. Many of Freshippo’s consumers also place orders online and have fresh goods delivered to door as quickly as within 30 minutes. In fiscal year 2023, online transactions contributed more than 65% of Freshippo's GMV. The creation of a new shopping experience is attributable to Freshippo’s significant retail expertise, including supply chain management, proprietary technology, and robust multi-layer and multi-temperature logistics and fulfillment infrastructure, all specifically designed for Freshippo’s offerings. Freshippo demonstrates scalability and sustainability with Freshippo's overall GMV reaching over RMB55 billion (US$8.0 billion) in fiscal year 2023. More than 90% of self-operated Freshippo Supermarket stores that have been operating more than one year achieved positive cashflow during the same period.

**Sun Art**

Sun Art, a leading retailer in China with multi-formats and omni-channels, continues to focus on target customers, and create diversified shopping scenarios, and endeavor to improve online and offline shopping experience. Sun Art continues to meet consumers' needs for offline shopping and home delivery service, thereby creating opportunities for revenue growth, through store remodeling and digitalization and building commodity power and fresh produce supply chain capability.

**Branding and Monetization Platforms**
Alimama is our proprietary monetization platform. Using our proprietary technology, this platform matches the marketing demands of merchants, brands and retailers on all of the platforms in our ecosystem with the media resources on our own platforms and third-party properties, and enables us to monetize our China commerce, International commerce, Local consumer services, Cainiao, Digital media and entertainment and other businesses in our ecosystem. The platform supports P4P marketing services based on keyword search rankings, in-feed marketing targeting different groups of consumers, or display marketing at fixed positions that are bid on through auctions, as well as cost per thousand impression (CPM)-based, time-based marketing formats, or individual campaigns at fixed cost, through the display of photos, graphics, videos and livestreaming.

The ranking of P4P search results on our marketplaces is based upon proprietary algorithms that take into account the bid price of keywords, the popularity and quality of an item, service or merchant, as well as customer feedback rankings of the merchant or service provider. Our in-feed and display marketing services take these factors into consideration, along with other consumer insights generated across our ecosystem, to further deliver an engaging and relevant content discovery process and shopping experience to our consumers through livestreaming, short-form videos, interactive games and other formats. The relevance and comprehensiveness of insights based on commercial activity and user activity in our ecosystem as well as our AI capabilities provide a unique advantage for Alimama to deliver the most relevant information to users through highly engaging content and effective format, which in turn enables merchants to improve their efficiency.

Alimama also has an affiliate marketing program that places marketing displays on third-party apps and websites, thereby enabling marketers, if they so choose, to extend their marketing and promotional reach to properties and users beyond our own platforms. Our affiliate marketing program not only provides additional traffic to our marketplaces, but also generates revenue to us.

Alimama operates Taobao Ad Network and Exchange, or TANX, one of the largest real-time online bidding marketing exchanges in China. TANX helps publishers monetize their media inventories both on mobile apps and web properties. TANX automates the buying and selling of tens of billions of marketing impressions on a daily basis.

Participants on TANX include publishers, marketers and demand-side platforms operated by agencies.

**Marketing Partner of Choice for Brands**

Drawing on our proprietary technology, capabilities and consumer insights, we have developed an approach that digitalizes consumer-brand relationships and enables brands to build robust relationships with consumers throughout their lifecycles in our ecosystem. We aim to help brands reach consumers by leveraging our platforms as well as other major third-party Internet media in China. We intend to become the key partner for brand building by creating an open, inclusive and transparent platform where brands and marketing agencies can design, execute, track and optimize their brand building activities using our consumer insights and tools.

**Leading Commerce Technologies and Integrated Merchant Services Platform**

We provide merchants, brands and retailers with a comprehensive suite of commerce technologies, consumer insights and innovative online and offline services through a unified and intuitive platform, to better engage with their customers, build mindshare and optimize their operating efficiency. By leveraging the power of our ecosystem, merchants, brands and retailers on Taobao and Tmall can acquire, retain and further deepen their engagement with consumers in an efficient and effective manner, build brand awareness and deliver seamless consumer experience with our logistics and fulfillment capabilities. This enhances merchants’, brands’ and retailers’ loyalty to our platforms. Our commerce technologies and merchant services include the following key components:

**Effective Consumer Engagement Platform**

Our merchants, brands and retailers can leverage our proprietary technology, consumer insights, and cloud services to optimize their marketing strategies. We equip brands on our secure cloud-based platform with integrated online and offline capabilities and solutions, and provide them with access to sophisticated analytics services. These services help merchants, brands and retailers gain insights into each stage of the consumer journey and enable them to provide personalized and seamless online and offline shopping experience that fulfills consumers’ evolving consumption needs.

**Cloud-based Smart Operation Dashboard**
We provide a cloud-based integrated smart operation dashboard that enables merchants, brands and retailers to digitalize their daily operations. Through our online dashboard, our merchants, brands and retailers can easily manage their storefronts and product listings, source products, process orders and payments, fulfill orders and provide customer services. Leveraging the capabilities of our third-party service providers, we also provide our merchants, brands and retailers with access to various types of business software, content creators, credit financing, IT services and market data analytics. In addition, our merchants, brands and retailers can access our smart operation dashboard through mobile devices to manage their business on the go.

Enabled by our analytics capabilities and consumer insights, our smart operation dashboard also provides merchants with recommendations on the most effective approaches to improve their respective performance and to deliver differentiated services to their customers.

**China Commerce Wholesale**

1688.com

1688.com, China’s largest integrated domestic wholesale marketplace in 2022 by net revenue, according to Analysys, provides sourcing and online transaction services by connecting manufacturers and wholesale sellers to wholesale buyers in China. These manufacturers, wholesale sellers and wholesale buyers typically trade in apparel, accessories, packaging materials, office supplies, home decoration and furnishing materials, electronics and computers, among others. Sellers may purchase a China TrustPass membership for an annual subscription fee to list items on 1688.com, reach customers, provide quotations and transact on the marketplace without any additional charges. As of March 31, 2023, 1688.com had over 960,000 paying members. Paying members may also pay for value-added services, such as premium data analytics and upgraded storefront management tools, as well as customer management services, such as P4P marketing services from the website and app. In the twelve months ended March 31, 2023, value-added services contributed the majority of 1688.com’s total revenue.

**International Commerce**

**International Commerce Retail**

In the twelve months ended March 31, 2023, Lazada, AliExpress, Trendyol and Daraz together achieved positive order growth despite challenging macro environment, driven by a broader range of local and global product offerings and enhanced consumer experience.

**Lazada**

Lazada, a leading and fast-growing e-commerce platform in Southeast Asia, serves one of the largest user bases among the global e-commerce platforms, by providing consumers with access to a broad range of offerings from local SMEs, and regional and global brands. Additionally, Lazada operates one of the leading e-commerce logistics network in Southeast Asia, serving its consumers and merchants with reliable, quality and convenient logistics services that are critical to online shopping experience in Southeast Asia. During fiscal year 2023, Lazada maintained positive year-over-year order growth despite a challenging economic environment. Lazada also continues to improve monetization rate by offering more value-added services, resulting in narrowing losses per order year-over-year.

**AliExpress**

AliExpress is a global marketplace targeting consumers around the world and enabling them to buy directly from manufacturers and distributors in China and around the world. Consumers can access the marketplace through AliExpress’ mobile app or websites. In addition to the global English-language version, AliExpress platform is also available in 17 other languages, including Portuguese, Spanish and French.

AliExpress continues to expand its regional merchant networks and supply chains to make available more localized products and better services for consumers in their respective regions. During fiscal year 2023, over 30% of orders were delivered within 15 days globally. Since its launch, Choice covered 215 countries and regions during the fiscal year. Choice offers consumers a curation of great-value products across an extensive range of categories. Consumers in selected countries can enjoy free shipping, free returns and quality delivery guarantees. By leveraging chartered flights and adopting overseas warehouses, AliExpress is able to offer these value-added services with shortened delivery time in key strategic countries.
Furthermore, AliExpress continues to invest in new markets such as South Korea. In fiscal year 2023, AliExpress recorded over 30% order growth in South Korea.

**Trendyol**

Trendyol, which we believe is by far the leading e-commerce platform in Türkiye in terms of both GMV and order volume in 2022, serves consumers with a broad selection of products and services through its e-commerce business as well as local consumer services for food and groceries. Consumers also enjoy the quality and convenient delivery services provided by Trendyol’s fulfillment and logistics networks, namely Trendyol Express for e-commerce business and Trendyol GO for local consumer services. Beyond Türkiye, Trendyol has expanded internationally by leveraging its product sourcing capabilities and supply chain advantages in Türkiye, enabling Turkish merchants to serve global consumers with a wide selection of products through 80 third-party e-commerce platforms across six continents. During fiscal year 2023, Trendyol continued to grow rapidly, with approximately 47% order growth and more than 110% GMV growth in local currency year-over-year.

**International Commerce Wholesale**

Alibaba.com is China’s largest integrated international online wholesale marketplace in terms of revenue in 2022, according to Analysys. It connects Chinese and overseas suppliers to overseas wholesale buyers, who are typically trade agents, wholesalers, retailers, manufacturers and SMEs engaged in the import and export business, and provides them with sourcing, online transaction, digital marketing, digital supply chain fulfillment and financial services.

Sellers on Alibaba.com may purchase an annual Gold Supplier membership to reach customers, provide quotations and transact on the marketplace. As of March 31, 2023, Alibaba.com had over 220,000 paying members from China and around the world. Sellers may also purchase additional value-added services to manage product listings and facilitate transaction processes, such as upgraded storefront management tools, customer relationship management SaaS services, P4P marketing services, trade assurance and fulfillment services, mainly including logistics and custom clearance services. In the twelve months ended March 31, 2023, value-added services contributed the majority of Alibaba.com’s total revenue. Additionally, over 47 million buyers from over 190 countries sourced business opportunities or completed transactions on Alibaba.com in the twelve months ended March 31, 2023.

**Local Consumer Services**

We use mobile and online technology to enhance the efficiency, effectiveness and convenience of consumer services for both service providers and their customers in two distinct scenarios: “To-Home” and “To-Destination.” In fiscal year 2023, Local consumer services recorded healthy order volume growth year-over-year.

**To-Home**

Our “To-Home” business enables consumers to easily access merchants’ services at home through Ele.me, a leading local services and on-demand delivery platform in China. Ele.me enables consumers to use Ele.me, Alipay, Taobao mobile apps to order meals, food, groceries, FMCG, flowers and pharmaceutical products online. In addition, Fengniao Logistics, Ele.me’s on-demand delivery network, provides last-mile logistics services, including delivery of food, groceries, FMCG and pharmaceutical products for Freshippo, Sun Art, as well as Alibaba Health. Our strategy for Ele.me is to leverage our China commerce platforms and our data technology to expand our offerings from shopping to services, further tapping into new addressable markets for consumption in China. In fiscal year 2023, Ele.me recorded healthy GMV growth year-over-year and maintained positive and improving unit economics per order, contributed by the combination of increased average order size and reduced delivery cost per order.

**To-Destination**

Our “To-Destination” businesses, including Amap, Fliggy and Koubei, provide consumers with convenient access to quality services at their destinations. In fiscal year 2023, the order volume of “To-Destination” businesses grew rapidly year-over-year.

**Amap** is a leading provider of mobile digital map, navigation and real-time traffic information in China. Amap empowers major mobile apps across different industry verticals, including local services, ride-hailing and social networking, which end users can access directly through Amap’s leading open platform. In addition, Amap provides digital map data, navigation software and real-time traffic information to international and domestic automobile manufacturers as well as aftermarket
consumers in China. Amap also empowers major platforms and infrastructural service providers, including our China commerce platforms, Cainiao and Alipay. On October 1, 2022, the first day of the week-long National Day holiday in China, Amap achieved a record high of over 220 million daily active users. In March 2023, the number of average daily active users of Amap reached a new record high of 150 million, driven by increasing intra-city commute and inter-city travel demand.

_Fliggy_, a leading online travel platform in China, provides comprehensive reservation and fulfillment services for domestic and international airline and train tickets, accommodation, car rental, package tours, and local attraction tickets and other services. Fliggy leverages its digital technology and products to enable its partners to enhance the efficiency of providing travel services, develop new product offerings, improve member engagement, and conduct data-driven marketing campaigns, providing consumers with a diverse range of high-quality travel options.

_Koubei_, our restaurant and local services guide platform for in-store consumption, provides targeted, data-driven marketing tools and integrated digital operational and store management services for restaurants and local services providers.

_Cainiao_

We are committed to further strengthening the capabilities of our global logistics network. Our vision for our logistics services is to fulfill consumer orders within 24 hours in China and within 72 hours anywhere else in the world. To realize this vision, Cainiao continues to build and operate a global fulfillment network together with its logistics partners. It offers domestic and international one-stop-shop logistics services and supply chain management solutions, addressing various logistics needs of merchants and consumers at scale.

_Consumer Logistics_

Cainiao uses data insights and technology to digitalize the entire logistics process and enhance the capabilities of its logistics partners, thereby improving consumer experience and efficiency across the logistics value chain. As an important complement to the last-mile delivery network of Cainiao’s express delivery partners, Cainiao has also incubated and developed Cainiao Post, a neighborhood logistics solution with a combination of neighborhood, campus and rural village stations and residential self-pickup lockers. We continue to build neighborhood logistics solutions to cover both urban and rural areas, allowing consumers to pick up their packages from their nearest stations or residential self-pickup lockers easily. We also continue to expand Cainiao Post’s network by offering a variety of value-added services to improve consumer experience. As of March 31, 2023, excluding those in rural areas and universities, over 74% of Cainiao Posts offered door-step parcel delivery service to consumers. Consumers can also enjoy parcel pick-up at doorstep and time-guaranteed delivery service through Cainiao.

_Technology-driven integrated supply chain and fulfillment solutions for merchants_

The vast geographical area of China and wide distribution of consumers and merchants in China require a large and distributed logistics infrastructure. Cainiao has established a scalable fulfillment network that consists of fulfillment hubs at key strategic locations and package sorting and distribution centers, which are owned, leased or partnered with logistics partners. The fulfillment network is connected by Cainiao’s proprietary logistics data platform. Cainiao has built a full-fledged fulfillment network at provincial, city, and county levels, which offers customized fulfillment solutions to different types of merchants on our platforms. For medium-sized and large brands and merchants, we provide digitalized and integrated supply chain management solutions and logistics services, allowing them to place inventory across multiple locations in advance based on sales forecasts to optimize supply chain efficiency and ensure timely delivery to consumers. In fiscal year 2023, we further tailored our supply chain and fulfillment solutions to cater for key categories such as FMCG and home furnishing. For small-sized merchants in industrial belts, we provide highly competitive and cost-efficient fulfillment services.

Cainiao has developed a strong and expanding network of assets and partners to support merchants on our cross-border and international commerce retail businesses, mainly AliExpress, Tmall Global and Lazada. Cainiao is positioned to provide diversified services with unique customer value propositions. For example, from a China import standpoint, Cainiao is focused on developing cross-border fulfillment solutions for Tmall Global, utilizing a combination of bonded warehouses in China and direct shipment from markets outside Chinese mainland. In terms of China export, Cainiao serves businesses on AliExpress platform by providing them with attractive value-for-money, convenient and direct logistics channels to deliver packages to consumers worldwide. As of March 31, 2023, Cainiao directly operated 15 overseas sorting centers. Despite challenging macro environment and supply chain disruption, Cainiao managed to achieve daily average cross-border and international package volume of over 4 million in the fiscal year ended March 31, 2023.
Cloud

Our Cloud segment is comprised of Alibaba Cloud and DingTalk.

Alibaba Cloud

Alibaba Group is the world’s third largest and Asia Pacific’s largest Infrastructure-as-a-service provider by revenue in 2022 in U.S. dollars, according to Gartner’s April 2023 report (Source: Gartner®, “Market Share: IT Services, Worldwide, 2022”, Neha Sethi et al., 14 April 2023, Sorted by Infrastructure-as-a-Service, Vendor Revenue Basis) (Asia Pacific refers to Mature Asia/Pacific, Greater China, Emerging Asia/Pacific and Japan, and market share refers to that of infrastructure-as-a-service). Alibaba Group is also China’s largest provider of public cloud services by revenue in 2022, including PaaS and IaaS services, according to IDC (Source: IDC Quarterly Public Cloud Services Tracker, 2022H2&2022Q4). China’s cloud computing industry is still at a nascent stage of development. In 2022, the revenue of China’s public cloud service market, including IaaS, PaaS and SaaS markets, only accounted for 0.2% of China’s GDP in 2022, significantly lower than that of the U.S., indicating tremendous room for growth. The industry has experienced significant growth in recent years with increasing adoption of both basic infrastructural services and value-added services by enterprises.

The technologies that power Alibaba Cloud grew out of our own need to operate at a massive scale and to address the complexity of our China businesses, including related commerce, payments and logistics elements. Leveraging our full-stack cloud capabilities and proprietary products portfolio, Alibaba Cloud offers a comprehensive suite of cloud services based on a three-tier architecture of infrastructure-as-a-service (IaaS), platform-as-a-service (PaaS) and model-as-a-service (MaaS) to customers worldwide. These services not only enable our customers to build a flexible, scalable, affordable and secure technology infrastructure, but also equip them with leading data capabilities that efficiently handle complex management, analytics and machine learning tasks, thereby generating significant business insights and enabling intelligent business decisions and operations. We leverage these capabilities and technologies to support our ecosystem and provide our customers across various verticals with industry-specific solutions, including those for commerce, financial services, and industrial applications. In addition, as part of our globalization strategy, Alibaba Cloud continued to expand our international cloud computing infrastructure to better serve our customers’ needs in overseas markets. As of March 31, 2023, Alibaba Cloud offered computing services in 28 regions globally.

Leveraging Alibaba Cloud’s large scale and strong foundation in IaaS and PaaS, our MaaS platform provides enterprises with high-performance and low-cost computing resources and machine learning platform services for large-scale model training and inference. Our services not only support our self-developed foundation model, but also support the training and services of other large models and vertical models in the market. In April 2023, Alibaba Cloud unveiled our latest LLM, Tongyi Qianwen. The new LLM will be integrated into all business applications across Alibaba’s ecosystem in the near future to further enhance user experience. To enable enterprise customers to reap the benefits of AI-driven innovation, Alibaba Cloud will offer clients access to Tongyi Qianwen on the cloud and enable them to develop customized large language models for their business scenarios.

In addition, we offer solutions of DingTalk, an intelligent collaboration workplace and application development platform, to customers of Alibaba Cloud. This platform offers enterprises enhanced work collaboration capabilities and provides them with easy access to Alibaba Cloud’s capabilities and infrastructure to further facilitate their digital transformation.

Alibaba Cloud’s unique advantages lie in our proprietary technology and continued commitment to invest in research and development in new product offerings and industry-specific solutions for our customers and partners. Alibaba Cloud continues to attract customers that are reputable and have the potential to adopt cloud services at a meaningful scale. In fiscal year 2023, Alibaba Cloud served 55% of A-share listed companies in China. As digital transformation accelerates, our customers, especially those from traditional verticals, have increased their usage of our services. We believe our cloud services have become a critical foundation that many of our customers increasingly depend on in their daily operations.

DingTalk

DingTalk is our intelligent collaboration workplace and application development platform that offers new ways of working, sharing and collaboration for modern enterprises and organizations. Millions of enterprises and users use DingTalk to stay connected and work remotely. In March 2023, DingTalk paying daily active users reached 23 million. According to QuestMobile, DingTalk is the largest business efficiency mobile app in China by monthly active users in March 2023.
Our strategic initiative to integrate DingTalk with Alibaba Cloud aims to empower DingTalk with our cloud capabilities and big data analytics to facilitate the digital transformation of enterprises and organizations. DingTalk provides a comprehensive suite of solutions for enterprise collaboration, including real-time communication, organizational management and various network collaboration tools such as data storage, calendars, workflow management and shared documents. Enterprises can also enjoy convenient access to a broad range of applications, including those offered by third-party service providers, that are seamlessly integrated with DingTalk’s platform. In addition, DingTalk has launched a low-code development infrastructure that enables enterprises to develop customized solutions in a more convenient and cost-efficient manner. During the 2023 DingTalk Spring Summit in April, DingTalk unveiled its product integration of launched intelligent capabilities based on Alibaba's Tongyi Qianwen large language model, which help customers and ecosystem partners unlock the potential of AI capabilities. Large-scale enterprises with complex needs can also directly leverage DingTalk’s open platform to develop fully customized digital solutions. We believe DingTalk has become not only a tool to help enterprises run their business digitally and efficiently, but also a platform empowered by Alibaba Cloud’s capabilities that enables enterprises to achieve fully customized digital transformation.

**Digital Media and Entertainment**

Our digital media and entertainment businesses leverage our deep consumer insights to serve the broader interests of consumers through our key distribution platforms, including Youku, and our other diverse content platforms, including Alibaba Pictures, that provide online videos, films, live events, newsfeeds and literature, among others.

**Key Distribution Platform**

**Youku**

Youku is a leading online long-form video platform in China. It enables users to search, view and share high-quality video content quickly and easily across multiple devices. Our Youku brand is among the most-recognized online video brands in China.

Insights we gain from our ecosystem and our proprietary technology enable Youku to deliver relevant digital media and entertainment content to its users. In fiscal year 2023, total users’ viewing time on our Youku mobile app increased by 13% year over year. In addition, Youku’s total subscription revenue grew over 15% from the prior fiscal year, primarily driven by increasing average revenue per user, as well as benefiting from our original and exclusive content. We also operate a number of other AI-driven platforms that effectively deliver relevant and engaging content to our large and growing user base.

**Quark**

Quark provides young users with a one-stop platform for information search, storage and consumption. It offers tools and services, such as smart search, Quark cloud drive, AI camera, Quark learning and Quark documents, to help users better acquire and utilize a variety of digital content and information for learning and work purposes.

**Key Content Platforms**

We offer a diverse range of digital media and entertainment content using a sustainable production and acquisition approach. First, we provide self-produced content. Second, we jointly produce content with studios, some of which is distributed exclusively on our platforms. Third, we acquire rights to display content on our digital media and entertainment platforms pursuant to licensing agreements with rights holders. Last, we offer an open platform on which user-generated content and professional-generated content are produced and distributed. Our digital media and entertainment offerings include online videos, films, live events, newsfeeds and literature.

**Alibaba Pictures**, driven by high-quality content and technology, is an integrated platform that provides content production, promotion and distribution, intellectual property-related licensing and commercial management, cinema ticketing management and Internet data services for the entertainment industry. During the twelve months ended March 31, 2023, Alibaba Pictures participated in the production and distribution of a total of 26 films, 12 of which ranked among the top 20 films released during the same period in terms of box office, including The Wandering Earth 2 (流浪地球2), Moon Man (獨行月球) and Lighting Up the Stars (人生大事), demonstrating our consistent standards for selecting high-quality films. In addition, Alibaba Pictures continues to diversify its businesses to capture opportunities across the entertainment value chain, including ticketing, digital services and platforms. Through Damai, a leading online ticketing platform for live events in China, we provide users with ticketing services for popular concerts, plays and sporting events.
Lingxi Games is a leading digital interactive entertainment service provider in China, specializing in the development, operation and licensed publishing of mobile games and providing a professional distribution and service platform for both players and developers. Lingxi Games operates a number of high-quality mobile games, such as Three Kingdoms Tactics (三国志·战略版) and Three Kingdoms Fantasy Land (三国志幻想大陆). In fiscal year 2023, Lingxi Games is the 4th largest mobile gaming company in Chinese mainland (iOS App Store) among global companies in terms of grossing, according to Data.ai. In addition to operating our flagship titles, Lingxi Games continues to develop new high-quality and diversified content to serve players from both Chinese mainland and overseas markets, such as the recently launched Three Kingdoms Tactics: Go (三国志·战棋版) and Ashes of the Kingdom (代号鸢), which are greatly received in the player community.

**Innovation Initiatives and Others**

**DAMO Academy**

In October 2017, we established DAMO Academy, a global research program in cutting-edge technologies that aim to integrate and speed up knowledge exchange between science and industry. DAMO Academy encourages a collaborative environment that facilitates the application of scientific discoveries to real-life circumstances.

**Tmall Genie**

Tmall Genie provides a selection of IoT-enabled smart home appliances, including smart speakers, lights and remote controls. Specifically, Tmall Genie smart speaker, a leading smart speaker in China in terms of sales units, provides an interactive interface for our customers to easily access services offered by our ecosystem participants.

**Customer Services and Protection**

As our ecosystem caters to a wide range of consumers in China, we view protection of consumer's interest as our top priority as we believe every consumer has the right to be protected from false and misleading claims and harmful products. To this aim, we require merchants to sign merchant service agreements with us, pay fund deposit and authorize us to directly deduct fund deposit in the event of confirmed consumer claims. Additionally, we are committed to protecting intellectual property rights and eliminating counterfeit merchandise and fictitious activities. We combat the issue of intellectual property rights infringement by collaborating with rights holders, trade associations and governments around the world. This is consistent with our ESG strategies of “Enabling a Sustainable Digital Life” and “Fueling Small Businesses”.

**Sales and Marketing**

Our sales and marketing efforts radiate from the cornerstone of our ecosystem, Taobao and Tmall, which constitute the world’s largest digital retail business in terms of GMV for the twelve months ended March 31, 2023, according to Analysys. We have wide consumer recognition of our brands and enjoy significant organic traffic through word-of-mouth. We believe the reputation and ubiquitous awareness of our brands and platforms in China and, increasingly, abroad provide us with the best and most cost-efficient marketing channel. In addition, we also use other marketing initiatives to promote our platforms. During the most recent fiscal year, we increased our marketing efforts, such as a highly coordinated marketing and promotional campaign for the 11.11 Global Shopping Festival and dedicated marketing efforts to promote Taobao Deals, in order to expand our user base across developed and less-developed areas. We expect to continue to leverage our resources in future marketing activities. We also expect to enhance our monetization capability through leveraging our data technologies to develop and offer more personalized and innovative services, so as to improve customer experience and wallet share. Furthermore, our major business segments and other elements in our ecosystem provide synergetic advantages and create cross-promotional opportunities. For example, the large number of consumers on our marketplaces attracts a large number of merchants who become customers of our online marketing services, while an increasing number of KOLs, video bloggers and content creators are actively producing content to engage with consumers and fans on our platforms, thereby driving revenue for merchants, brands and retailers.

**Our Technology**

Technology is key to our success in achieving efficiency, improving user experience, and enabling innovation. Our world-class proprietary technology supports peak order volumes of up to hundreds of thousands per second, delivers tens of billions of online marketing impressions per day, and enables millions of merchants, brands and other businesses to conduct their operations efficiently and effectively. The uniqueness of our technology lies in the unparalleled large-scale application
environment due to the scale of our businesses as well as our diverse range of product and service offerings. By continuously applying our technology across our businesses, we generate knowledge and innovations that drive improvements and further technological development.

Members of our research and development team play key roles in various international standardization organizations in areas such as security and IoT, and actively participate in international open source foundations focusing on areas such as software engineering, cloud-native applications and databases. In October 2017, we established DAMO Academy, a global research program in cutting-edge technology that aims to integrate and speed up knowledge exchange between science and industry. DAMO Academy encourages a collaborative environment that facilitates the application of scientific discoveries to real-life circumstances.

Key components of our technology include those described below:

**Technology Infrastructure**

Our data centers utilize leading technologies in distributed structure, innovative cooling techniques, distributed power technology and intelligent monitoring, and we believe our data centers are among the most efficient in the world as indicated by their better power utilization rates. We operate data centers in multiple countries around the world. The multi-region availability of our transaction system data centers provides scalability and stable redundancy.

**Cloud Operating System**

Apsara (our proprietary general-purpose distributed computing operating system), ShenlongCompute (our hardware virtualization architecture), and Pangu (our distributed cloud storage system), together, provide Alibaba Cloud’s customers and our core businesses with enhanced computing power and storage capabilities to support their and our business growth in the new technology era.

**Database**

We have developed a next-generation cloud-native database, PolarDB, which enables our customers to meet their requirements for on-demand storage, transaction processing and computation, elasticity and scalability. PolarDB significantly increases the throughput and performance of transaction and query processing as compared to other open-source relational database management systems. We have also developed a cloud-native distributed analytics database, AnalyticDB, which supports real-time interactive and complex analytics over massive data. Additionally, we have developed Lindorm, a cloud-native multi-model database, to support efficient storage and fusion analyses of multi-model data.

**Big Data Analytics Platform**

We have developed a large-scale distributed data analytics platform that can efficiently handle the complex computing tasks of hundreds of petabytes of data per day, allowing us to build AI-powered solutions and providing deep data insights capabilities to our businesses and our cloud customers. Our comprehensive big data analytics platform includes: MaxCompute, a data storage and computing platform; Blink, a real-time data computing platform; Hologres, an interactive analysis engine; Dataworks, a one-stop development platform; and OneData, a data integration and management system.

**Artificial Intelligence**

Our proprietary, distributed deep learning platform, PAI, has access to insights across diverse businesses involving a rich variety of consumer experiences as well as real-time feedback from clients of Alibaba Cloud. As a result, we believe we are in a unique position to develop large-scale commercial use of AI. We have applied various AI technologies across our ecosystem to enhance consumer experience and business operational efficiency. These enhancements include personalized search results and shopping experiences as well as various interactive content formats enabled by deep learning and data analytics adopted in search functions, as well as intelligent customer service, leveraging speech recognition, image and video analysis technologies. In addition, our AI capabilities enable us to introduce innovative products, such as our AI-enabled Tmall Genie smart speaker.

Our proprietary LLM, Tongyi Qianwen, will serve as an enabler for business integrations and applications across our ecosystem, enhance user experience and accelerate digitalization brought by the AI-driven innovation.
**Internet of Things**

We are engaged in the development of an IoT infrastructure, encompassing a wide range of IoT technologies and products that can be fully integrated with our cloud solutions, such as IoT platform technologies, IoT wireless technologies, edge AI computing, microchip design and development frameworks, operating systems and on-device AI technologies for digital retail, industrial manufacturing, smart city, digital agriculture and other applications.

**Security**

We have established a comprehensive situational awareness and security system that spans across our entire infrastructure and business systems, covering our hardware, systems, network, apps, data services and end users. Our back-end security system handles billions of instances of malicious attacks each day to provide effective security for our ecosystem.

**Environmental, Social and Governance (ESG)**

**Our ESG Strategy**

ESG is part of the foundation of our business strategy and long-term development. We are dedicated to addressing society's pressing issues by integrating ESG objectives into our business strategy.

Our ESG strategy has seven dimensions, corresponding to all of the 17 Sustainable Development Goals (SDGs) issued by the United Nations and closely tied to China's modernization goals.

We have devised our ESG strategy to be pragmatic, long-term and action-oriented, regimented by a transparent and rigorous indicator system. We focus our efforts on the seven areas below:

**Advancing Towards the Goal of Carbon Neutrality**

We target to reach carbon neutrality in our own operations, including Scope 1 and Scope 2 emissions, by 2030. To further implement green initiatives across our value chain (Scope 3 emissions), we are deploying tools to help our value chain partners reduce their greenhouse gas emissions and overall carbon intensity by at least 50% from the base year of 2020 by 2030.

We have made solid progress towards reducing greenhouse gas emissions. The net emissions of our own operations (Scope 1 and 2) are 4.681 million MtCO2e in the fiscal year ended March 31, 2023, a 12.9% year-over-year decrease. We have reduced emissions by 1.419 million MtCO2e in the fiscal year ended March 31, 2023, compared to 0.620 million MtCO2e in the prior fiscal year. We have also reduced our value chain carbon intensity (Scope 3) to 8.7 MtCO2e per million RMB in the fiscal year ended March 31, 2023, from 9.2 MtCO2e per million RMB in the fiscal year ended March 31, 2022, through initiatives such as promoting digital efficiency and energy transformation in logistics services, promoting energy efficiency and transformation in data centers, and encouraging our employees towards low-carbon business travels.

As for promoting carbon reduction in our platform ecosystem (Scope 3+), in which we strive towards a cumulative ecosystem-wide reduction of greenhouse gas emissions by 1.5 billion tons by 2035, we have made progress in a number of areas. First, together with authoritative institutions, we have published the framework for Scope 3+ carbon reduction methodology. Second, we have developed and iterated a number of carbon reduction scenarios in scientific and diversified measures. In the fiscal year ended March 31, 2023, we contributed to a measured reduction of 22.907 million MtCO2e across the ecosystem. Third, we are leveraging Alibaba's reach to involve more stakeholders. We launched our “Carbon88 Ledger Platform,” which promotes greener lifestyles by rewarding consumers for adopting eco-friendly behaviors, covering some of Alibaba's most-used apps, and “Low-carbon Friendly Products Program,” which focuses on the product lifecycle, covering key process and measurements in product decarbonization. These systems have amplified our decarbonization efforts through 187 million consumers, 409 brands, and 1.91 million products.

**Supporting Our People**

It is our employees that make our business and culture thrive. None of our goals can be accomplished without our people. It is critical for us to ensure that all of our employees can enjoy an equal and inclusive working environment of dignity and diversity. This also means supporting our employees to fulfil their potentials by providing them with on-the-job trainings and opportunities for career advancement.
In addition, we provide abundant channels for our employees at all levels to give feedback to our management team. We have a holistic personnel review system in place to help employees identify where they are today, and a wide array of talent development programs to help them get to where they want to be in the future. We have also placed a great focus on campus design and culture, healthy lifestyle and employees’ access to healthcare advice. In fiscal year 2023, Alibaba ranked Top 5 among Chinese enterprises in “Forbes 2022 Global Best Employer.”

**Enabling a Sustainable Digital Life**

Sustainable consumption is crucial to our sustainable development goals and we run our business to provide consumers with diverse, inclusive, trustworthy, and responsible consumption. Highlights of our progress during the current fiscal year are as follows.

**Inclusive consumption.** We pay special attention to being accessible and senior-friendly. We understand the difficulties of the disabled community in using digital technology and help provide them with equal access to digital technologies. We also provide well-designed, convenient and efficient digital services to senior consumers. In the fiscal year ended March 31, 2023, Taobao and Tmall Apps served over 320,000 visually impaired users, while as of March 31, 2023, “Wheelchair Navigation,” developed by Amap, was available in six cities, providing accessible navigation over 0.9 million times.

**Trustworthy consumption.** Consumer privacy protection and data security are the bedrock for consumers. We have integrated the three principles of “minimizing data collection”, “ensuring user awareness and choices,” and “enhancing user data protection” into our products and services, promoting the use of privacy technology and secure computing to protect consumer privacy and data security.

**Fueling Small Businesses**

In their digital transformation, micro, small, and medium-sized enterprises, or MSMEs, are facing challenges in accessing technology, market opportunities, and business competitiveness. As a leading technology platform in China, we strive to integrate our digital technology into the real economy to create more jobs, provide more growth opportunities to MSMEs and achieve sustainable development. According to the latest estimate by a research team from Renmin University of China, our entire ecosystem facilitated, directly or indirectly, a total of over 70 million jobs in calendar year 2022.

**Propelling Rural Development through Digitalization**

We persistently work to help bridge the urban-rural gap, facilitate rural revitalization and support rural economy. In fiscal year 2023, sales of 832 counties previously categorized as impoverished nationwide exceeded RMB130 billion on our platforms, and total sales of 160 national key counties for rural revitalization exceeded RMB4.3 billion. Our team of rural commissioners was awarded as Outstanding Team of “Sannong” (Sannong in Chinese is an acronym for Agriculture, Rural areas, and Farmers) in 2022 by the General Office of the Ministry of Agriculture and Rural Affairs and the Policy and Regulations Department of the National Rural Revitalization Administration.

**Facilitating Participatory Philanthropy**

We have connected with a wide range of philanthropic ecosystem and leveraged the power of technology to address social challenges. Starting with our employees, we involved stakeholders across our ecosystem to engage in philanthropy via flexible forms and mechanisms, aiming to promote greater social involvement. In the fiscal year ended March 31, 2023, total volunteer service hours of employees reached 250,144 hours.

**Building Corporate and Social Trust**

As digital technology unprecedentedly transforms ways of social production and our lifestyles, we are even more convinced that trust is a prerequisite for our social responsibility and a cornerstone for our business development. With this conviction, we have been focusing on building corporate and social trust in two areas – privacy protection and data security, and science and technology ethics. We believe these priorities are in line with our strategic positioning, corporate governance mechanism and technological capabilities, as we aim to become a pioneer in the technology industry to lead the charge of building a corporate and social place of trust.

**ESG Governance Structure**
Alibaba’s over 20 years of business success has been predicated on a thoughtful system of governance to oversee our wide array of brands, platforms and services. We recognize that no ESG strategy can reach its full potential without a dedicated structure of governance. Accordingly, we have embedded ESG oversight into a three-layer structure at the board, senior management, and group and business unit levels. Our board has established a sustainability committee composed of three directors (Jerry Yang, Joe Tsai, and Maggie Wu) to supervise and lead ESG efforts across Alibaba. Their responsibilities include identifying and evaluating ESG opportunities and risks, ensuring robust oversight and internal management of ESG strategies and reviewing ESG-related disclosures. Under the sustainability committee, we have established a sustainability steering committee, or the SSC, which is tasked with leading, implementing and monitoring Alibaba’s ESG goals, strategies and initiatives, including building a group-wide ESG management system. Moreover, we have established an ESG strategy and operations department that coordinates directly with the designated ESG teams of business units and departments. They are the driving force to implement the strategies and projects set by the SSC and to establish and maintain monitoring systems to measure our progress. Under our new organizational structure announced in March 2023, we will keep the three-layer corporate governance structure. The Reorganization will not change our ESG strategic positioning or commitments.

**Competition**

We face competition principally from established Chinese Internet companies and their respective affiliates, global and regional e-commerce players, cloud computing service providers, logistics service providers and digital media and entertainment providers. Although foreign e-commerce companies currently have a limited presence in China, we face significant competition from them in the area of cross-border commerce. These competitors generate significant traffic and have established strong brand recognition, robust technological capabilities and significant financial resources. The areas in which we compete primarily include:

- **Consumers.** We compete to attract, engage and retain consumers based on the variety, quality and value of products and services listed on our platforms, the engagement of digital media and entertainment content available on our platforms, the overall user experience of our products and services, and the effectiveness of our consumer protection measures.

- **Merchants, Brands, Retailers and other Businesses.** We compete to attract and retain merchants, brands and retailers based on the size and the engagement of consumers on our platforms and the effectiveness of our products and services to help them build brand awareness and engagement, acquire and retain customers, complete transactions, expand service capabilities, protect intellectual property rights and enhance operating efficiency. In addition, we compete to attract and retain businesses of different sizes across various industries based on the effectiveness of our cloud service offerings to help them enhance operating efficiency and realize their digitalization transformation ambitions.

- **Marketers.** We compete to attract and retain marketers, publishers and demand-side platforms operated by agencies based on the reach and engagement of our properties, the depth of our consumer insights and the effectiveness of our branding and marketing solutions.

- **Talent.** We compete for motivated and capable talent, including engineers and product developers to build compelling apps, tools, and functions and to provide services for all participants in our ecosystem.

As we acquire new businesses and expand into new industries and sectors, we face competition from major players in these industries and sectors. In addition, as we expand our businesses and operations into an increasing number of international markets, such as Southeast Asia and Europe, we increasingly face competition from domestic and international players operating in these markets. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — If we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected.”

**Seasonality**

Our overall operating results fluctuate from quarter to quarter as a result of a variety of factors, including seasonal factors and economic cycles that influence consumer spending as well as promotions.

Historically, we have experienced the highest levels of revenues in the fourth calendar quarter of each year due to a number of factors, including merchants allocating a significant portion of their online marketing budgets to the fourth calendar quarter, promotions, and the impact of seasonal buying patterns in respect of certain merchandise categories such as apparel.
We also have experienced lower levels of revenues in the first calendar quarter of each year due to a lower level of operating activities by merchants early in the calendar year and during the Chinese New Year holiday, during which time consumers generally spend less and businesses in China are generally closed. Moreover, as our fixed costs and expenses, such as payroll and benefits, bandwidth and location fees, grow at a relatively stable rate compared to our revenue growth, we expect to enjoy increased operating leverage in seasonally strong quarters, but will face significant margin pressure in seasonally weak quarters. Our international commerce businesses are also subject to seasonal fluctuations depending on the markets we operate in. Except for our China and international commerce businesses, operating results of our other businesses have not demonstrated clear seasonal patterns, which we believe may partially reduce the seasonality impact of our China and international commerce businesses as we continue to grow these other businesses.

**Permissions and Approvals Required to be Obtained from PRC Authorities for our Business Operations**

In the opinion of Fangda Partners, our PRC legal counsel, our consolidated subsidiaries and the VIEs in China have obtained all major licenses, permissions and approvals from the competent PRC authorities that are necessary to the operations of our China commerce and cloud businesses, which accounted for a significant majority of our revenue in fiscal year 2023. In addition, we have implemented policies and control procedures to obtain and maintain the necessary licenses, permission and approvals to conduct our businesses. On the basis of the legal opinion issued by our PRC legal counsel and our internal policies and procedures, we believe that our consolidated subsidiaries and the VIEs in China have received the requisite licenses, permissions and approvals from the PRC authorities as are necessary for our business operations in China. Such licenses, permits, registrations and filings include, among others, Value-added Telecommunication License, License for Online Transmission of Audio-Visual Programs, Network Cultural Business License, Online Publishing Service License and License for Surveying and Mapping.

If we, our consolidated subsidiaries or the VIEs in China (i) do not maintain such permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change, and we or the VIEs are required to obtain such permissions or approvals in the future, we may be unable to obtain such necessary approvals, permits, registrations or filings in a timely manner, or at all, and such approvals, permits, registrations or filings may be rescinded even if obtained. Any such circumstance may subject us to fines and other regulatory, civil or criminal liabilities, and we may be ordered by the competent PRC authorities to suspend relevant operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Please see “— D. Risk Factors — Risks Related to Our Business and Industry — We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities.”

Furthermore, if the PRC government determines that the contractual arrangements constituting part of the VIE structure adopted by us do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, our securities may decline in value or become worthless if the determinations, changes, or interpretations result in our inability to assert contractual control over the assets of our consolidated subsidiaries and the VIEs in China that conduct a significant portion of our business operations. In addition, there are substantial uncertainties as to whether the VIE structure adopted by us may be deemed as a method of foreign investment in the future. If the VIE structure adopted by us were to be deemed as a method of foreign investment under any future laws, regulations and rules, and if any of our business operations were to fall under the “Negative List” for foreign investment, we would need to take further actions in order to comply with these laws, regulations and rules, which may materially and adversely affect our current corporate structure, business, financial condition and results of operations. See “— D. Risk Factors — Risks Related to Our Corporate Structure — Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its implementing rules and other regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations.”

Given the uncertainties relating to the interpretation and enforcement of PRC laws, rules and regulations, it is possible that our existing operations may be found not to be in full compliance with relevant laws and regulations in the future. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. For more detailed information, see “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us.”
Permissions and Approvals Required to be Obtained from PRC Authorities for our Securities Offerings

The PRC government has enhanced its regulatory oversight of Chinese companies listing overseas. In connection with our prior securities offerings and overseas listings, under PRC laws and regulations in effect as of the date of this annual report, after consulting our PRC legal counsel, Fangda Partners, we are not aware of any PRC laws or regulations which explicitly require us to obtain any permission from the CSRC or other Chinese authorities, and we, our consolidated subsidiaries and the VIEs in China (i) have not been required to obtain any permission from or complete any filing with any PRC authority, (ii) have not been required to go through a cybersecurity review by the Cyberspace Administration of China, and (iii) have not received or were denied such requisite permissions by any PRC authority. There are uncertainties with respect to how PRC authorities will regulate overseas securities offerings and overseas listings in general, as well as the interpretation and implementation of any related regulations. Although we intend to fully comply with the then effective relevant laws and regulations applicable to any securities offerings we may conduct, there are uncertainties with respect to whether we will be able to fully comply with requirements to obtain any permissions and approvals from, or complete any reporting or filing procedures with, PRC authorities that may be in effect in the future. If we, our consolidated subsidiaries or the VIEs in China (i) do not maintain such permissions or approvals, (ii) inadvertently conclude that such permissions, approvals or filing or reporting are not required, or (iii) applicable laws, regulations, or interpretations change, and we or the VIEs are required to obtain such permissions, approvals or filing or reporting in the future, we may be unable to obtain such necessary approvals, permits, registrations or filings in a timely manner, or at all, and such approvals, permits, registrations or filings may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our and our subsidiaries' ability to offer securities to investors and cause our securities to decline in value or become worthless. For more detailed information, see “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us” and “— Risks Related to Our Business and Industry — We may need additional capital but may not be able to obtain it on favorable terms or at all.”
Regulation

We operate in an increasingly complex legal and regulatory environment. We and our key service provider, Ant Group, are subject to a variety of PRC and foreign laws, rules and regulations across a number of aspects of our business. As we have expanded our operations to other countries, we have become increasingly subject to applicable regulations in these jurisdictions. This section primarily summarizes the principal PRC laws, rules and regulations that we believe have the most significant impact on our business and operations within the PRC, because the PRC remains the country where we conduct the substantial majority of our business and generate the substantial majority of our revenues. Other jurisdictions where we conduct business have their own laws and regulations that cover many of the areas covered by PRC laws and regulations, but their focus, specifics and approaches may differ considerably. Areas in which we are subject to laws, rules and regulations outside of the PRC mainly include data protection and privacy, consumer protection, content regulation, intellectual property, competition, cross-border trade, taxation, anti-money laundering and anti-corruption. We may also face protectionist policies and regulatory scrutiny on national security grounds in foreign countries in which we conduct business or investment activities. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations, as well as the trading prices of our ADSs, Shares and/or other securities.”

Our online and mobile commerce businesses are classified as value-added telecommunication businesses by the PRC government. Current PRC laws, rules and regulations generally restrict foreign ownership in value-added telecommunication services. As a result, we operate our online and mobile commerce businesses and other businesses in which foreign investment is restricted or prohibited through variable interest entities, each of which is owned by PRC citizens or by PRC entities which are ultimately owned by PRC citizens, and holds all licenses associated with these businesses.

The applicable PRC laws, rules and regulations governing value-added telecommunication services may change in the future. We may be required to obtain additional approvals, licenses and permits and to comply with any new regulatory requirements adopted from time to time. Moreover, substantial uncertainties exist with respect to the interpretation and implementation of these PRC laws, rules and regulations. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC could adversely affect us.”

Regulation of Telecommunications and Internet Information Services

Regulation of Telecommunications Services

Under the Telecommunications Regulations of the PRC, or the Telecommunications Regulations, promulgated on September 25, 2000 by the State Council of the PRC and most recently amended in February 2016, a telecommunications service provider in China must obtain an operating license from the MIIT, or its provincial counterparts. The Telecommunications Regulations categorize all telecommunications services in China as either basic telecommunications services or value-added telecommunications services. Our online and mobile commerce businesses, as well as Youku’s online video businesses, are classified as value-added telecommunications services. The Administrative Measures for Telecommunications Business Operating License, promulgated by the MIIT in September 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining the licenses and the administration and supervision of these licenses.

Foreign investment in telecommunications businesses is governed by the State Council of the PRC’s Administrative Rules for Foreign Investment in Telecommunications Enterprises, or the Foreign Investment Telecommunications Rules, which was recently amended on March 29, 2022 and became effective on May 1, 2022. According to the amended Foreign Investment Telecommunications Rules, a foreign investor’s beneficial equity ownership in an entity providing value-added telecommunications services in China is generally not permitted to exceed 50% unless otherwise allowed by the competent PRC governmental authorities. Although the revised Foreign Investment Telecommunications Rules no longer require major foreign investors holding equity in enterprises providing value-added telecommunications services in China to have a good track record and operational experience in providing these services, the PRC governmental authorities have not promulgated the relevant implementation rules. Accordingly, there are uncertainties as to whether foreign investors without a good track record and operational experience in providing these services may qualify as major foreign investors in value-added telecommunications enterprises. Based on the Notice regarding the Strengthening of Ongoing and Post Supervision of Foreign Invested Telecommunication Enterprises issued by the MIIT in October 2020, foreign invested telecommunications enterprises will no longer be subject to the requirement for prior MIIT approval. Nonetheless, these enterprises still need to submit the relevant materials to the MIIT to apply for new telecommunications operating permits or amended permits.

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Although the Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service provider engaging in e-commerce, domestic multi-party communications, or storage-and-forward and call center businesses, other requirements provided by the amended Foreign Investment Telecommunications Rules shall still apply.

The MIIT’s Notice Regarding Strengthening Administration of Foreign Investment in Operating Value-Added Telecommunications Businesses, or the MIIT Notice, issued on July 13, 2006 prohibits holders of these service licenses from leasing, transferring or selling their licenses in any form, or providing any resource, site or facility, to any foreign investors intending to conduct this type of business in China. In addition to restricting dealings with foreign investors, the MIIT Notice contains a number of detailed requirements applicable to holders of value-added telecommunications service licenses, including that license holders or their shareholders must directly own the domain names and trademarks used in their daily operations and each license holder must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license, including maintaining its network and providing Internet security in accordance with the relevant regulatory standards. The MIIT or its provincial counterparts have the power to require corrective actions after they discover any non-compliance by license holders, and where license holders fail to take those steps, the MIIT or its provincial counterparts have the power to revoke the value-added telecommunications service licenses.

On December 28, 2016, the MIIT promulgated the Notice on Regulating Telecommunications Services Agreement Matters, or the Telecommunications Services Agreement Notice, which came into effect on February 1, 2017. According to the Telecommunications Services Agreement Notice, telecommunications service providers must require their users to present valid identification certificates and verify the users’ identification information before provision of services. Telecommunications service providers are not permitted to provide services to users with unverifiable identity or users who decline to proceed with identity verification.

**Regulation of Internet Information Services**

As a subsector of the telecommunications industry, Internet information services are regulated by the Administrative Measures on Internet Information Services, or the ICP Measures. “Internet information services” are defined as services that provide information to online users through the Internet. Internet information service providers that provide commercial services are required to obtain an operating license from the MIIT or its provincial counterpart.

To the extent the Internet information services provided relate to certain matters, including news, publication, education or medical and healthcare (including pharmaceutical products and medical equipment matters), approvals or filings must also be obtained from the relevant industry regulators in accordance with the laws, rules and regulations governing those industries.

**Regulation of Advertising Services**

The principal regulations governing advertising businesses in China are:

- the Advertising Law of the PRC (2021, as amended);
- the Advertising Administrative Regulations (1987, as amended);
- the Administrative Regulations on Internet Information Search Services (2016); and
- the Administrative Measures for Internet Advertising (2023).

These laws, rules and regulations require companies such as ours that engage in advertising activities to obtain a business license that explicitly includes advertising in the business scope from the SAMR, formerly the SAIC, or its local branches.

The applicable PRC advertising laws, rules and regulations contain certain prohibitions on the content of advertisements in China (including prohibitions on misleading content, superlative wording, socially destabilizing content or content involving obscurities, superstition, violence, discrimination or infringement of the public interest). Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are prohibited, and the dissemination of advertisements of certain other products, such as tobacco, patented products, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics, are also subject to specific restrictions and requirements. Advertisers, advertising operators or advertising distributors may be subject to civil liability if they infringe the legal rights and interests of third parties, such as infringement of intellectual property rights, unauthorized use of a name or portrait and defamation.

On June 25, 2016, the Cyberspace Administration of China promulgated the Administrative Regulations on Internet Information Search Services, or the Internet Search Regulations, which came into effect on August 1, 2016. According to the Internet Search Regulations, Internet search service providers must verify paid-search service customers’ qualifications, limit the ratio of paid-search results on each web page, and clearly distinguish paid-search results from natural search results.
On February 25, 2023, the SAMR released the Administrative Measures for Internet Advertising, which came into effect from May 1, 2023 and replaced the Internet Advertising Interim Measures promulgated by the SAIC on July 4, 2016. The Administrative Measures for Internet Advertising set out, among other things, the following requirements for Internet advertising activities:

- online advertisements for tobacco (including e-cigarettes) are not allowed, and online advertisements for prescription medicine are not allowed unless otherwise permitted by laws and regulations;
- online advertisements for special commodities and services such as medical treatments, pharmaceuticals, medical devices, agrochemicals, veterinary medicine, health foods and food for special medical purposes must be reviewed by competent authorities before online publication, and the advertisements for such commodities and services are not allowed to be published in the form of introducing health and wellness knowledge. In addition, when introducing health and wellness knowledge, information such as the address or contact information of commodity operators or service providers and shopping links related to these products must not appear on the same page or at the same time;
- advertisements for medical treatments, pharmaceuticals, health foods, special medical purpose formula foods, medical devices, cosmetics, alcohol, beauty advertisements, and online game advertisements that are detrimental to the physical and mental health of minors shall not be published on Internet media targeted to minors;
- Internet advertisements must be visibly marked as “advertisement”, while paid-search results must be obviously distinguished from natural search results;
- when promoting commodities or services through knowledge introduction, experience sharing or consumer evaluation, and purchase methods such as shopping links are attached, the advertisements publishers shall visibly mark them as “advertisements”;
- “pop-up ads” must be clearly marked with a “close” sign and be closable with one click. Furthermore, the advertisers and publishers are prohibited from engaging in the following behaviors that affect one-click closure: (i) there is no “close” sign or the timing is over to close the advertisements; (ii) the “close” sign is false, not clearly identifiable or difficult to locate which set up obstacles to close the advertisements; (iii) closing the advertisements requires more than two clicks; (iv) during the process of browsing the same page or document, the advertisements continue to pop up after closing, which affect users normal use of the network. These requirements also apply to open screen ads displayed when launching an Internet application;
- if the Internet advertisements are published by means of algorithmic recommendation or other technologies, the rules related to algorithm recommendation services and advertising records shall be included in the advertising archives.

According to the Administrative Measures for Internet Advertising, the advertisers are responsible for the authenticity of the content of Internet advertisements, while the Internet advertisement publishers and advertisement agencies are required to establish, improve, and implement registration, review, and archive management systems for Internet advertising businesses, which include verifying and registering advertiser information, verifying supporting documents and advertisements content, and allocating advertising review personnel familiar with advertising laws and regulations or establish advertising review bodies.

In addition, the Administrative Measures for Internet Advertising require Internet platform operators providing Internet information services to take measures to prevent and stop illegal advertisements, which include recording and storing the real identity information of users who publish advertisements for at least three years, monitoring and investigating the content of advertisements, and employing measures to stop illegal advertisements. Internet platform operators are also required to establish effective complaint and reporting mechanisms, cooperate with market regulatory departments in investigating illegal conduct, and use measures such as warnings, suspending or terminating services for users who publish illegal advertisements. Furthermore, Internet platform operators are prohibited from using technical means or other methods to obstruct market regulatory departments’ advertising monitoring.

**Regulation of Online and Mobile Commerce**

China’s online and mobile commerce industry as well as the PRC laws, regulations or rules specifically regulating this industry are constantly evolving. The SAIC adopted the Administrative Measures for Online Trading on January 26, 2014, which became effective on March 15, 2014. On December 24, 2014, the MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third Party Online Retail Platforms (Trial) to regulate the formulation, revision and enforcement of transaction rules for online retail marketplace platforms. These measures impose more stringent requirements and obligations on online trading or service operators as well as marketplace platform providers. For example, marketplace platform providers are obligated to make public and file their transaction rules with MOFCOM or its respective provincial counterparts, to enable examination of the legal status of each third-party merchant selling products or services on their platforms and display on a prominent location on the
Since the promulgation of the Administrative Measures for Online Trading, the SAIC has issued a number of guidelines and implementing rules providing greater specificity to these regulations. The relevant governmental authorities continue to consider and issue guidelines and implementing rules, and we expect that regulation in this industry will further develop. For example, three PRC governmental authorities (the MOF, General Administration of Customs and STA) issued a Notice on Tax Policy for Cross-Border E-commerce Retail Imports on March 24, 2016 to regulate cross-border e-commerce trading which experienced rapid growth in recent years. According to the notice, which became effective on April 8, 2016, goods imported through cross-border e-commerce retail are subject to tariff, import value-added tax, or VAT, and consumption tax based on the type of goods. Individuals purchasing any goods imported through cross-border e-commerce are liable to pay tax, while e-commerce companies, e-commerce transaction platform operators or logistics companies shall be responsible for withholding such tax.

On August 31, 2018, the Standing Committee of the National People’s Congress promulgated the E-commerce Law, which came into effect on January 1, 2019. The E-commerce Law imposes a series of requirements on e-commerce operators including e-commerce platform operators, merchants operating on the platform and the individuals and entities carrying out business online. According to the E-commerce Law, e-commerce operators who provide search results based on consumers’ characteristics such as hobbies and consumption habits shall also provide consumers with options that are not targeted at their personal characteristics at the same time, and respect and fairly protect the legitimate interests of consumers. The E-commerce Law requires e-commerce platform operators to, among other things, verify and register the identities, addresses, contacts and licenses of merchants who apply to provide goods or services on their platforms, establish registration archives and update this information on a regular basis; submit the identification information of the merchants on their platforms to market regulatory administrative authorities as required and remind the merchants to complete registration with market regulatory administrative authorities; submit identification information and tax-related information to tax authorities as required in accordance with the laws and regulations regarding the administration of tax collection and remind the individual merchants to complete the tax registration; and establish intellectual property rights protection rules and take necessary measures against infringement of intellectual property rights by merchants on their platforms.

In addition, e-commerce platform operators are not allowed to impose unreasonable restrictions over or add unjustified conditions to transactions concluded on their platforms by merchants, or charge merchants operating on their platforms any unreasonable fees.

According to the E-commerce Law, e-commerce platform operators are required to assume joint liability with the merchants and may be subject to warnings and fines up to RMB2,000,000 where (i) they fail to take necessary actions where they know or should have known that the products or services provided by the merchants on the platform do not meet personal and property security requirements, or otherwise infringe upon consumers’ legitimate rights; or (ii) they fail to take necessary actions, such as deleting and blocking information, disconnecting, terminating transactions and services, where they know or should have known that the merchants on the platform infringe upon the intellectual property rights of others. With respect to products or services affecting consumers’ health and safety, e-commerce platform operators will be held liable if they fail to review the qualifications of merchants or fail to safeguard the interests of consumers, and may be subject to warnings and fines up to RMB2,000,000.

On March 15, 2021, the SAMR promulgated the Online Trading Measures, which took effect and replaced the Administrative Measures for Online Trading on May 1, 2021. The Online Trading Measures further strengthen the administration and supervision of online trading activities, and impose a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce. The Online Trading Measures expressly prohibit an online transaction platform operator from unreasonably restricting or setting any unreasonable conditions on transactions on its platform and interfering with merchants’ independent business operations. The Online Trading Measures specify typical examples of unreasonable restrictions or conditions imposed by e-commerce platform operators on transactions concluded on their platforms, including prohibiting or restricting the merchants to operate on other e-commerce platforms, by means of unfair practices, such as reducing their search exposure, removing their products or services, blocking their stores, or prohibiting or restricting the merchants from freely choosing supporting service providers for transactions, such as logistics services providers. Furthermore, the Online Trading Measures require e-commerce platform operators to verify and update each merchant’s profile on a regular basis and monitor their market participant registration status.

On April 23, 2021, the Cyberspace Administration of China and six other PRC governmental authorities jointly issued the Administrative Measures on Online Livestreaming Marketing (Trial), which came into effect on May 25, 2021. According to the Administrative Measures on Online Livestreaming (Trial), online livestreaming marketing platforms are required, among other things, to set up a system to internally rank streamers by metrics such as views and transaction volumes, and take heightened regulatory measures in relation to key livestreaming operators. In addition, online livestreaming marketing platforms are also required to
establish and maintain risk management systems to guard against high-risk marketing activities, including taking measures such as pop-up warnings, limiting traffic, suspending livestreaming, and prominently alerting users of the risks involved in transactions that are conducted outside livestreaming platforms.

On March 1, 2022, the Supreme People’s Court of the PRC issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Online Consumption Disputes (I), which came into effect on March 15, 2022 and clarified the responsibilities of online consumption platforms and the scope of the seven-day unconditional return policy. According to these judicial interpretations, standard terms provided by e-commerce operators that are unfair and unreasonable to consumers may be deemed invalid, and contracts entered into between e-commerce operators and any other entity leading to false publicity by means of fictitious deals, hits or user comments shall also be null and void. Moreover, e-commerce platform operators shall be held liable as the product seller or service provider if the labels used mislead consumers to believe that the product or service is provided by the e-commerce platform. Furthermore, operators of livestreaming platforms are responsible for verifying the qualification and license of live-streamers who sell food products. The operators of e-commerce platforms can be held jointly liable for damages incurred by consumers resulting from defects in foods purchased from merchants on their platforms, if these operators fail to fulfill certain requirements and obligations.

**Regulation of Mobile Apps**

On June 28, 2016, the Cyberspace Administration of China promulgated the Regulations for the Administration of Mobile Internet Application Services, which came into effect on August 1, 2016, requiring ICPs who provide information services through mobile Internet apps to, among other things, verify the real identities of registered users through mobile phone numbers or other similar channels; establish and improve procedures for protection of user information; and establish and improve procedures for information content censorship.

If an ICP who provides information services through apps violates these regulations, mobile app stores through which the ICP distributes its apps may issue warnings, suspend the release of its apps, or terminate the sale of its apps, and/or report the violations to governmental authorities.

On June 14, 2022, the Cyberspace Administration of China promulgated the revised Regulations for the Administration of Mobile Application Information Services. Pursuant to the revised Regulations for the Administration of Mobile Application Information Services, mobile app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. In addition, mobile app providers shall, among other things, verify the real identities of registered users; establish and improve procedures for protection of user information and information content censorship, fulfill data security protection obligations and various obligations of minors’ protection, and shall not induce users to download the applications by illegal methods or bad information. Furthermore, mobile app providers who launch new technologies, applications or functions with the attribute of public opinion or the ability of social mobilization shall conduct security assessment in accordance with the relevant provisions. If an application provider violates these regulations, application distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and the application provider may be imposed administrative penalty by the Cyberspace Administration of China and relevant competent authorities in accordance with relevant laws and regulations.

According to the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications which became effective on May 1, 2021, clarifying that necessary personal information means the personal information necessary for ensuring the normal operation of the basic functional services of the apps, without which the app cannot perform its basic functional services.

**Regulation of Internet Content**

The PRC government has promulgated measures relating to Internet content through various ministries and agencies, including the MIIT, the News Office of the State Council of the PRC, the Ministry of Culture and Tourism and the General Administration of Press and Publication. In addition to various approval and license requirements, these measures specifically prohibit Internet activities that result in the dissemination of any content that is found to contain pornography, promote gambling or violence, instigate crimes, undermine public morality or the cultural traditions of the PRC or compromise state security or secrets. ICPs must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the content immediately, keep a record of it and report to the relevant authorities. If an ICP violates these measures, the PRC government may impose fines and revoke any relevant business operation licenses.
We are subject to various laws and regulations in connection with providing online audio/video programs and livestreaming via our platform. For example, according to the Rules for the Administration of Internet Audio and Video Program Services, commonly known as Circular 56, jointly issued by the State Administration of Radio, Film, and Television, or the SARFT, and the MIIT, all online audio/video service providers are generally required to be either wholly state-owned or state-controlled. According to the relevant official answers to press questions published on the SARFT’s website dated February 3, 2008, online audio/video service providers that had already been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state-owned or controlled, provided that the providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after Circular 56 was issued.

We are also subject to a series of requirements for audio/video content posted on our platform. The General Administration of Press and Publication, Radio, Film and Television, or GAPPRFT (which was split into the National Radio and Television Administration, or NRTA, and the State Administration of News and Publication in March 2018) released several notices on the administration of online audio/video programs, which stress that entities producing online audio/video content must obtain a permit for radio and television program production and operation, and that online audio/video content service providers should not release any Internet dramas or micro films that were produced by any entity lacking the permit. For Internet dramas or micro films produced and uploaded by individual users, the online audio/video service providers transmitting this content will be deemed responsible as the producer. Furthermore, the online audio/video contents, including Internet drama and micro films, are required to be filed with the relevant authorities before release.

According to the Circular on Strengthening the Administration of the Online Show Livestreaming and E-commerce Livestreaming issued by the NRTA on November 12, 2020, platforms providing e-commerce livestreaming services shall register their information and business operations by November 30, 2020. The overall ratio of front-line content analysts to livestreaming rooms shall be 1:50 or higher on such platforms. A platform shall report the number of its livestreaming rooms, streamers and content analysts to the provincial branch of the NRTA on a quarterly basis. To host any e-commerce promotional events such as E-commerce festivals, E-commerce days or promotion days using livestreaming, live performances, live variety shows and other live programs, the platforms shall register the information of guests, streamers, content and settings with the local branch of NRTA 14 business days in advance. Online e-commerce livestreaming platforms shall conduct relevant qualification examination and real-name authentication on businesses and individuals providing livestreaming marketing services and keep complete examination and authentication records, and shall not enable imposters or businesses or individuals without qualification or real-name registration to conduct livestreaming marketing services.

On April 12, 2022, the NRTA and the Publicity Department of the China Communist Party Central Committee promulgated the Notice on Strengthening the Administration of Live Games on Online Audio/Video Program Platforms, specifying that online livestreaming platforms shall discretely select the hosts and guests with political standpoint, moral character, artistic standard and social evaluation as the selection criteria, and resolutely refuse hosts and guests who are politically incorrect, or have committed any violations of laws, regulations, public order or good morals. The notice further specifies that online audio/video service providers that already had been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state-owned or controlled, provided that the providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after Circular 56 was issued.

The SARFT is responsible for nationwide supervision and administration of publishing activities in China. On February 4, 2016, the GAPPRFT, the SARFT’s predecessor, and the MIIT jointly promulgated the Online Publication Service Administration Rules, or the Online Publication Rules, which took effect on March 10, 2016.

Pursuant to the Online Publication Rules, an online publication service provider must obtain the Online Publication Service License from the GAPPRFT. The term “online publication service” is defined as the provision of online publications to the public through information networks. The term “online publications” is defined as digital works characteristic of publishing such as editing, production or processing provided to the public through information networks.

The Online Publication Rules expressly prohibit foreign invested enterprises from providing online publication services. In addition, if an online publication service provider intends to cooperate for an online publication services project with foreign invested enterprises, overseas organizations or overseas individuals, it must report to the GAPPRFT and obtain an approval in advance. Also, an online publication service provider is prohibited from lending, leasing, selling or otherwise transferring the Online Publication Service License, or to allow any other online information service provider to provide online publication services in its name.
Regulation of Internet Drug Information Service

The State Food and Drug Administration, or the SFDA, the predecessor of the National Medical Products Administration, promulgated the Administrative Measures on Internet Drug Information Service in July 2004 and further amended the same in November 2017. Since the promulgation of the Administrative Measures on Internet Drug Information Service, the SFDA has issued certain implementing rules and notices aimed at adding specificity to these regulations. These measures set out regulations governing the classification, application, approval, content, qualifications and requirements for Internet drug information services. An ICP service operator that provides information regarding drugs or medical equipment must obtain an Internet Drug Information Service Qualification Certificate from the applicable provincial level counterpart of the National Medical Products Administration.

On August 3, 2022, the SAMR released the Administrative Measures for the Supervision of Online Drug Sales, which came into effect on December 1, 2022, for the regulation of enterprises engaging in online drug sales and online drug trading third-party platforms. According to these measures, enterprises engaging in online drug sales shall be drug marketing authorization holders or drug business enterprises, and shall report relevant information including names of the websites and application programs, the IP addresses and domain names, etc. to the medical products regulators. In addition, drug trading third-party platforms are also required to file relevant information including their names, legal representatives, etc. with the provincial medical products administration.

Regulation of Internet News Information Services

On May 2, 2017, the Cyberspace Administration of China issued the Administrative Provisions on Internet News Information Services, which came into effect on June 1, 2017 and define news information as reports and commentary on political, economic, military, diplomatic and other social and public affairs, as well as reports and commentary on emergency social events. Pursuant to these provisions, the Cyberspace Administration of China and its local counterparts replaced the State Council of the PRC Information Office as the government department in charge of supervision and administration of Internet news information. Furthermore, an ICP operator must obtain approval from the Cyberspace Administration of China in order to provide Internet news information services, including through websites, applications, forums, blogs, microblogs, public accounts, instant messaging tools, and webcasts.

Regulation of Internet Culture Activities

On February 17, 2011, the Ministry of Culture, the predecessor of the Ministry of Culture and Tourism, promulgated the Internet Culture Administration Tentative Measures, or the Internet Culture Measures, which was most recently amended in December 2017. The Internet Culture Measures require ICP operators engaging in “Internet culture activities” to obtain a permit from the Ministry of Culture and Tourism. The term “Internet culture activities” includes, among other things, online dissemination of Internet cultural products (such as audio-video products, gaming products, performances of plays or programs, works of art and cartoons) and the production, reproduction, importation, publication and broadcasting of Internet cultural products.

On August 12, 2013, the Ministry of Culture promulgated the Notice on Implementing the Administrative Measures for the Content Self-examination of Internet Culture Business Entities. According to this notice, any cultural product or service shall be reviewed by the provider before being released to the public and the review process shall be done by persons who have obtained the relevant content review certificate.

On October 23, 2015, the Ministry of Culture promulgated the Notice on Further Strengthening and Improving the Content Review of Online Music, which took effect on January 1, 2016 and stipulated that ICPs shall carry out self-examination in respect of the content management of online music, which shall be regulated by the cultural administration departments in process or afterwards. According to this notice, ICP operators are required to submit their content administrative system, review procedures, and work standards to the provincial culture administrative department where they are located for filing within a prescribed period.

Regulation of Audio/Video Program Production

On July 19, 2004, the SARFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs, which came into effect on August 20, 2004 and most recently amended on December 1, 2020. These measures provide that anyone who wishes to produce or operate radio or television programs must first obtain an operating permit for their business.

On December 25, 2001, the State Council of the PRC promulgated the Regulations for the Administration of Films, or the Film Regulations, which became effective on February 1, 2002. The Film Regulations set forth the general regulatory guidelines for China’s film industry and address practical issues with respect to production, censorship, distribution and screening. They also establish the SARFT as the sector’s regulatory authority, and serve as the foundation for all other legislation promulgated in this area.
The Film Regulations provide the framework for an industry-wide licensing system operated by the SARFT, under which separate permits (and permit application procedures) apply.

**Regulation of Express Delivery Services**

The PRC Postal Law, which took effect in October 2009 and was most recently amended in 2015, sets forth the fundamental rules on the establishment and operation of an express delivery company. According to the Postal Law, an enterprise that operates and provides express delivery services is required to obtain a Courier Service Operation Permit. Pursuant to the Postal Law, “delivery” refers to delivery of correspondence, parcels, printed materials and other items to specific individuals or entities according to the names and addresses on the envelopes or packages, including mail acceptance, sorting, transportation, delivery, and “express delivery” refers to rapid mail “delivery” within a specified time limit.

The PRC Postal Law also requires that a company operating express delivery services must apply for and obtain the Courier Service Operation Permit prior to applying for its business license. Pursuant to the Administrative Measures on Courier Service Operation Permits, which was promulgated by the Ministry of Transport in June 2015 and most recently amended in November 2019, any entity engaging in express delivery services is required to obtain a Courier Service Operation Permit from the State Post Bureau or its local counterpart and is subject to their supervision and regulation. The express delivery business must be operated within the permitted scope and the valid term of the Courier Service Operation Permit.

On March 2, 2018, the State Council of the PRC promulgated the Provisional Regulations for Express Delivery, or the Provisional Regulations, which came into effect on May 1, 2018 and was amended on March 2, 2019. The Provisional Regulations reiterate that a company operating express delivery services must obtain the Courier Service Operation Permit and sets forth specific rules and security requirements for express delivery operations.

**Regulation of Anti-counterfeiting**

According to the Trademark Law of the PRC, counterfeit or unauthorized production of the label of another person’s registered trademark, or sale of any label that is counterfeited or produced without authorization will be deemed as an infringement of the exclusive right to use a registered trademark. The infringing party will be ordered to cease infringement immediately, a fine may be imposed and the counterfeit goods will be confiscated. The infringing party may also be held liable for damages suffered by the owner of the intellectual property rights, which will be equal to the gains obtained by the infringing party or the losses suffered by the owner as a result of the infringement, including reasonable expenses incurred by the owner in connection with enforcing its rights.

Under the Civil Code of the PRC, an Internet service provider may be subject to joint liability if it is aware that an Internet user is infringing upon the intellectual property rights of others through its Internet services, such as selling counterfeit products, and fails to take necessary measures to stop that activity. If an Internet service provider receives a notice from an infringed party regarding an infringement, the Internet service provider is required to take certain measures, including deleting, blocking and unlinking the infringing content, in a timely manner.

In addition, under the Online Trading Measures promulgated by the SAMR on March 15, 2021, as an operator of an online trading platform, we must adopt measures to ensure safe online transactions, protect consumers’ rights and prevent unfair competition.

**Regulation of Monopoly and Unfair Competition**

On June 24, 2022, the Standing Committee of the National People’s Congress promulgated the amended PRC Anti-monopoly Law, which came into effect on August 1, 2022. The amended PRC Anti-monopoly Law requires that where concentration of undertakings reaches the filing threshold stipulated by the State Council of the PRC, a filing must be made with the anti-monopoly authority before the parties implement the concentration. Concentration refers to (i) merger of undertakings; (ii) acquisition of control over other undertakings by acquiring equities or assets; or (iii) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means. The anti-monopoly authority may also require business operators to file for merger control review where concentration of undertakings fails to reach such filing threshold but there is evidence that the concentration has or may have the effect of eliminating or restricting competition. If business operators fail to comply with the mandatory filing requirement, the PRC State Administration for Market Regulation, or the SAMR, is empowered to terminate the transaction, require the disposal of relevant assets, shares or businesses within certain period, or take any other necessary measures to restore the pre-concentration status, and may also impose fines of up to 100% of the previous year’s turnover of the filing obligor if the concentration has or may have the effect of eliminating or restricting competition, or fines of up to RMB25 million if the concentration does not have such effect. In addition, the amended PRC Anti-monopoly Law introduces a “stop-clock mechanism” which may prolong the merger control review process. The SAMR issued a new set of guidelines in September 2018 to set forth the specific procedures and materials for review of concentration of undertakings. On August 3, 2008, the State Council of the PRC promulgated the Provisions of
the Provisions on the Prohibition of Monopoly Agreements, which came into effect from April 15, 2023 and replaced the Interim
agreements. Provisions on the Prohibition of Monopoly Agreements to further enhance the enforcement on the supervision of monopoly
assistance for others to reach such agreements under the amended PRC Anti-monopoly Law. On March 10, 2023, the SAMR issued
revenue of the preceding year, or fines up to RMB15 million if the intended monopoly agreement has not been performed. In addition,
the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade
confiscation of illegal gains, and fines up to 50% of sales revenue of the preceding year, fines up to RMB25 million if there is no sales
agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by
or the agreements satisfy certain exemptions under the amended PRC Anti-monopoly Law, such as improving technologies, increasing
commodities for resale to third parties, among others, unless the business operators can prove the agreements do not have the effect of
boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of
The amended PRC Anti-monopoly Law also prohibits business operators from entering into monopoly agreements, which refers to
agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by
boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of
commodities for resale to third parties, among others, unless the business operators can prove the agreements do not have the effect of
eliminating or restricting competition, their market share in relevant market is below the standard set by the anti-monopoly authority,
or the agreements satisfy certain exemptions under the amended PRC Anti-monopoly Law, such as improving technologies, increasing
the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade
and economic cooperation with foreign counterparts. Sanctions for violations include an order to cease the relevant activity, confiscation of the illegal gains and fines up to 50% of sales revenue of the preceding year. On March 10, 2023, the SAMR issued the Provisions on the prohibition on the abuse of dominant market position include an order to cease the relevant activity, confiscation of the illegal gains and fines up to 50% of sales revenue of the preceding year. On March 10, 2023, the SAMR issued the Provisions on the Prohibition of Acts of Abuse of Dominant Market Positions issued on April 15, 2023 and replaced the Interim Provisions on the Prohibition of Acts of Abuse of Dominant Market Positions issued on June 26, 2019 to further prevent and prohibit the abuse of

Even if the aforementioned revenue threshold is not met, the transaction must be reported to anti-monopoly authority of the State Council of the PRC if (i) the revenue in China of one of the business operators involved in the concentration exceeds RMB100 billion in the last fiscal year, (ii) the market value or valuation of the business operators to be merged or controlled in the concentration exceeds RMB800 million and their revenue in China in the last fiscal year accounts for more than one third of their worldwide revenue.

In addition, on March 10, 2023, the SAMR released the Provisions on the Review of Concentration of Undertakings, or the Review Provisions, which came into effect from April 15, 2023 and replaced the Interim Provisions on the Review of Concentration of Undertakings issued on October 23, 2020. These provisions provide detailed rules on how to operate the “stop-clock mechanism”, allowing the SAMR to suspend the calculation of time period for merger review if (i) the notifying parties fail to provide the documents or information so that the review cannot proceed, (ii) new circumstances or new facts appear, and the review cannot proceed without examining the new circumstances or facts, or (iii) the proposed remedies require further assessment, and the relevant parties request for suspension. If the filing threshold is not met but the proposed concentration has or may have the effect of eliminating or restricting competition, the SAMR can request the undertakings to notify. If the concentration has not yet been implemented, the standstill obligation automatically kicks in. Even if the concentration has been implemented, the undertakings need to file a notification within 120 days and take necessary measures to reduce the negative impact the concentration has on competition such as temporarily stopping the implementation of the concentration.

The amended PRC Anti-monopoly Law also prohibits business operators from entering into monopoly agreements, which refers to agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of commodities for resale to third parties, among others, unless the business operators can prove the agreements do not have the effect of eliminating or restricting competition, their market share in relevant market is below the standard set by the anti-monopoly authority, or the agreements satisfy certain exemptions under the amended PRC Anti-monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts. Sanctions for violations include an order to cease the relevant activity, confiscation of the illegal gains, and fines up to 50% of sales revenue of the preceding year, fines up to RMB25 million if there is no sales revenue of the preceding year, or fines up to RMB15 million if the intended monopoly agreement has not been performed. In addition, business operators are prohibited from organizing other business operators to reach any monopoly agreement or providing substantive assistance for others to reach such agreements under the amended PRC Anti-monopoly Law. On March 10, 2023, the SAMR issued the Provisions on the Prohibition of Monopoly Agreements, which came into effect from April 15, 2023 and replaced the Interim Provisions on the Prohibition of Monopoly Agreements to further enhance the enforcement on the supervision of monopoly agreements.

Threshold Provisions, which propose to significantly adjust the revenue threshold of merger control filing to either one of the
following two conditions:

- the worldwide revenue of all business operators involved in the concentration exceeds RMB12 billion (increased from the
current threshold of RMB10 billion) collectively in the last fiscal year, and the revenue in China of at least two business
operators among them each exceeds RMB800 million (increased from the current threshold of RMB400 million) in the
last fiscal year; or
- the revenue in China of all the business operators involved in the concentration exceeds RMB4 billion (increased from the
current threshold of RMB2 billion) collectively in the last fiscal year, and the revenue in China of at least two business
operators among them each exceeds RMB800 million (increased from the current threshold of RMB400 million) in the
last fiscal year.

Even if the aforementioned revenue threshold is not met, the transaction must be reported to anti-monopoly authority of the State Council of the PRC if (i) the revenue in China of one of the business operators involved in the concentration exceeds RMB100 billion in the last fiscal year, (ii) the market value or valuation of the business operators to be merged or controlled in the concentration exceeds RMB800 million and their revenue in China in the last fiscal year accounts for more than one third of their worldwide revenue.

In addition, on March 10, 2023, the SAMR released the Provisions on the Review of Concentration of Undertakings, or the Review Provisions, which came into effect from April 15, 2023 and replaced the Interim Provisions on the Review of Concentration of Undertakings issued on October 23, 2020. These provisions provide detailed rules on how to operate the “stop-clock mechanism”, allowing the SAMR to suspend the calculation of time period for merger review if (i) the notifying parties fail to provide the documents or information so that the review cannot proceed, (ii) new circumstances or new facts appear, and the review cannot proceed without examining the new circumstances or facts, or (iii) the proposed remedies require further assessment, and the relevant parties request for suspension. If the filing threshold is not met but the proposed concentration has or may have the effect of eliminating or restricting competition, the SAMR can request the undertakings to notify. If the concentration has not yet been implemented, the standstill obligation automatically kicks in. Even if the concentration has been implemented, the undertakings need to file a notification within 120 days and take necessary measures to reduce the negative impact the concentration has on competition such as temporarily stopping the implementation of the concentration.

The amended PRC Anti-monopoly Law also prohibits business operators from entering into monopoly agreements, which refers to
agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by
boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of
commodities for resale to third parties, among others, unless the business operators can prove the agreements do not have the effect of
eliminating or restricting competition, their market share in relevant market is below the standard set by the anti-monopoly authority,
or the agreements satisfy certain exemptions under the amended PRC Anti-monopoly Law, such as improving technologies, increasing
the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and
economic cooperation with foreign counterparts. Sanctions for violations include an order to cease the relevant activity, confiscation of the illegal gains, and fines up to 50% of sales revenue of the preceding year, fines up to RMB25 million if there is no sales revenue of the preceding year, or fines up to RMB15 million if the intended monopoly agreement has not been performed. In addition, business operators are prohibited from organizing other business operators to reach any monopoly agreement or providing substantive assistance for others to reach such agreements under the amended PRC Anti-monopoly Law. On March 10, 2023, the SAMR issued the Provisions on the Prohibition of Monopoly Agreements, which came into effect from April 15, 2023 and replaced the Interim Provisions on the Prohibition of Monopoly Agreements to further enhance the enforcement on the supervision of monopoly agreements.
In addition, the amended PRC Anti-monopoly Law further regulates monopolistic behaviors in the Internet sector. The amended PRC Anti-monopoly Law, among others:

- provides in general provisions that enterprises must not engage in monopolistic behaviors through data and algorithms, technology, capital advantages, or platform rules; and
- provides that enterprises with dominant market position must not abuse their dominant positions through data and algorithms, technology, capital advantages, or platform rules.

In February 2021, the SAMR published the Guidelines on Anti-monopoly Issues in Platform Economy, or the Platform Economy Anti-monopoly Guidelines. The Platform Economy Anti-monopoly Guidelines set out detailed standards and rules in respect to the definition of relevant markets, typical types of cartel activity and abusive behavior by companies with market dominance, which provide further guidance for enforcement of anti-monopoly laws regarding network platform operators. The Platform Economy Anti-monopoly Guidelines further detail the types of horizontal agreements, vertical agreements, hub-and-spoke agreements and collusion which may constitute monopoly agreements in the platform economy. The Platform Economy Anti-monopoly Guidelines also set out a number of key factors that may be relevant in identifying a dominant undertaking, including, among others, predatory pricing, unfair pricing, refusal to deal, restraint of trade, tie-in, unreasonable trading conditions and discrimination. In addition, concentration of undertakings involving contractual arrangements is expressly included within the ambit of SAMR’s merger control review if the filing thresholds are met. Under the Platform Economy Anti-monopoly Guidelines, the SAMR is empowered to investigate if the filing threshold is not met but the proposed concentration may have the effect of eliminating or restricting competition, and the SAMR will pay close attention to those cases where one of the following circumstances exists: (i) a party to the concentration is a start-up or an emerging platform; (ii) the turnover is low because the business model of the parties to the concentration involves the provision of free services or services charged at low prices; (iii) the relevant market is highly concentrated; and (iv) the number of competitors is small. These newly enacted measures and guidelines may require us to make adjustments to some of our business practices, and our business, financial condition and results of operations may be materially and adversely affected. In addition, due to our size, these new measures and guidelines, when enacted and implemented, may affect us more than our competitors.

According to the Anti-unfair Competition Law promulgated by the Standing Committee of the National People’s Congress of China on September 2, 1993 and most recently amended on April 23, 2019, business operators may not engage in anti-competitive activities, such as undue influence transactions, confusion marketing, commercial bribery, trade secret infringement and commercial libel. Failure to comply with the Anti-unfair Competition Law would subject business operators to various administrative penalties, such as imposition of fines, confiscation of illegal gains and an order to cease business activities, and payment of compensatory damages.

In August 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Drafts for Public Comments), or the Draft Provisions on Preventing Unfair Online Competition, which detail the implementation of the Anti-unfair Competition Law, under which business operators must not use technical means such as data or algorithms to implement traffic hijacking or interference, cause malicious incompatibility or conduct any activity impeding or disruptive to the normal operation of network products or services legally provided by other business operators. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or “red envelopes” to entice positive ratings.

**Regulation of Internet Security**

The Decision in Relation to Protection of Internet Security enacted by the Standing Committee of the National People’s Congress of China on December 28, 2000, as amended, provides that the following activities conducted through the Internet are subject to criminal punishment:

- gaining improper entry into a computer or system of strategic importance;
- disseminating politically disruptive information or obscenities;
- leaking state secrets;
- spreading false commercial information; or
- infringing intellectual property rights.

The Administrative Measures on the Security Protection of Computer Information Network with International Connections, issued by the Ministry of Public Security on December 16, 1997 and amended on January 8, 2011, prohibit the use of the Internet in a manner that would result in the leakage of state secrets or the spread of socially destabilizing content. The Provisions on Technological Measures for Internet Security Protection, or the Internet Security Protection Measures, promulgated on December 13, 2005 by the Ministry of Public Security require all ICPs to keep records of certain information about their users (including user registration
information, log in and log out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. Under these measures, value-added telecommunications services license holders must regularly update information security and content control systems for their websites and must also report any public dissemination of prohibited content to local public security authorities. If a value-added telecommunications services license holder violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

The Communication Network Security Protection Administrative Measures, which were promulgated by the MIIT on January 21, 2010, require that all communication network operators, including telecommunications service providers and Internet domain name service providers, divide their own communication networks into units. These communication network units shall be rated in accordance with degree of damage to national security, economic operation, social order and public interest in the event a unit is damaged. Communication network operators must file the division and ratings of their communication networks with the MIIT or its local counterparts. If a communication network operator violates these measures, the MIIT or its local counterparts may order rectification or impose a fine up to RMB30,000 in case a violation is not duly rectified.

Internet security in China is also regulated and restricted from a national security standpoint. On July 1, 2015, the National People’s Congress Standing Committee promulgated the PRC National Security Law, or the National Security Law, which took effect on the same date and replaced the former National Security Law promulgated in 1993. According to the National Security Law, the state shall ensure that the information system and data in important areas are secure and controllable. In addition, according to the National Security Law, the state shall establish national security review and supervision institutions and mechanisms, and conduct national security reviews of key technologies and IT products and services that affect or may affect national security. There are uncertainties on how the National Security Law will be implemented in practice.

On November 7, 2016, the National People’s Congress Standing Committee promulgated the PRC Cybersecurity Law, or the Cybersecurity Law, which came into effect on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. “Network operators,” who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations including, among others, security protection, user identity verification, cybersecurity emergency response planning and technical assistance.

According to the Cybersecurity Law, network service providers must inform users about and report to the relevant authorities any known security defects and bugs, and must provide continuous security maintenance services for their products and services. Network products and service providers shall not contain or provide malware. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses. In addition, the Cybersecurity Law provides that personal information and important data collected and generated by operators of critical information infrastructure in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on operators of critical information infrastructure. In addition, the PRC Anti-Telecom and Online Fraud Law was promulgated by the National People’s Congress Standing Committee on September 2, 2022 and came into effect on December 1, 2022. In order to prevent and curb the telecom and online fraud, the Anti-Telecom and Online Fraud Law requires, among others, Internet service providers to obtain real identity information of users before providing certain services including information and software distribution services, etc.

On July 30, 2021, the State Council of the PRC promulgated the Regulations on Security Protection of Critical Information Infrastructure, effective on September 1, 2021, which provide that a “critical information infrastructure” refers to an important network facility and information system in important industries such as public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, national economy, people’s livelihood, or public interests in the event of their damage, loss of function, or data leakage. The competent governmental authorities and supervision and management authorities of the aforementioned important industries will be responsible for (i) identification of critical information infrastructures in their respective industries in accordance with relevant identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the PRC of the identification results. However, the exact scope of “critical information infrastructure operators” under the current regulatory regime still remains unclear, and the PRC government authorities have discretion in the interpretation and enforcement of these laws, rules and regulations.

On April 13, 2020, the Cyberspace Administration of China, the NDRC, the MIIT, and several other governmental authorities jointly issued the Measures for Cybersecurity Review, or the Cybersecurity Review Measures, which came into effect on June 1, 2020. According to the Cybersecurity Review Measures, the purchase of cyber products and services including core network equipment, high-performance computers and servers, mass storage devices, large databases and application software, network security equipment, cloud computing services, and other products and services that have an important impact on the security of critical information
infrastructure which affects or may affect national security is subject to cybersecurity review by the Cybersecurity Review Office. On December 28, 2021, the Cyberspace Administration of China, together with certain other PRC governmental authorities, promulgated the Revised Cybersecurity Review Measures which replaced the then-effective version and took effect on February 15, 2022. According to the Revised Cybersecurity Review Measures, operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. In addition, any network platform operator possessing over one million users’ individual information must apply for a cybersecurity review before listing abroad. Relevant competent governmental authorities may also initiate cybersecurity review if they determine certain network products, services or data processing activities affect or may affect national security. Article 10 of the Revised Cybersecurity Review Measures also sets out certain general factors that are the focus in assessing the national security risk in a cybersecurity review, including (i) the risks of critical information infrastructure being illegally controlled by any individual or organization or subject to interference or destruction; (ii) the harm caused by the disruption of the supply of the product or service to the continuity of critical information infrastructure business; (iii) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (iv) compliance with PRC laws, administrative regulations and department rules by the provider of the product or service; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information for a listing being affected, controlled, and maliciously used by foreign governments, as well as network information security risks; and (vii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security. However, there are still uncertainties as to the exact scope of network products or services or data processing activities that will or may affect national security, and the PRC government authorities have discretion in the interpretation and enforcement of these measures.

According to the Administrative Provisions on Security Vulnerability of Network Products jointly promulgated by the MIIT, the Cyberspace Administration of China and the Ministry of Public Security, which came into effect on September 1, 2021, network product providers, network operators as well as organizations or individuals engaging in the network product security vulnerability discovery, collection, release and other activities shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant security vulnerability of network products with the MIIT within two days of discovery and provide technical support to network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or becoming aware that their networks, information systems or equipment have security loopholes. According to these provisions, the network product providers and network operators who fail to perform the aforementioned obligations may be subject to administrative penalty in accordance with the Cybersecurity Law.

The Cyberspace Administration of China is responsible for organizing and implementing cybersecurity reviews, while the competent departments in key industries such as finance, telecommunications, energy and transport shall be responsible for organizing and implementing security review of cyber products and services in their respective industries or fields.

On November 15, 2018, the Cyberspace Administration of China issued the Provisions on Security Assessment of the Internet Information Services with Public Opinion Attributes or Social Mobilization Capacity, which came into effect on November 30, 2018. The provisions require ICPs to conduct security assessments on their Internet information services if their services include functions that provide channels for the public to express opinions or have the capability of mobilizing the public to engage in specific activities. ICPs must conduct self-assessment on, among other things, the legality of new technology involved in the services and the effectiveness of security risk prevention measures, and file the assessment report with the local competent cyberspace administration authority and public security authority.

On September 17, 2021, the Cyberspace Administration of China and the SAMR, together with several other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services, which provide that relevant regulators shall carry out daily monitoring of data use, application scenarios and effects of algorithms, and conduct security assessments of algorithm, and that an algorithm filing system shall be established and classification and hierarchical security management of algorithms shall be adopted. On December 31, 2021, the Cyberspace Administration of China, the MIIT, the Ministry of Public Security and the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation, or the Algorithm Recommendation Provisions, which came into effect on March 1, 2022. The Algorithm Recommendation Provisions implement the classification and hierarchical management of algorithm recommendation service providers based on various criteria, and stipulate that algorithm recommendation service providers shall clearly inform users of their provision of algorithm recommendation services, and properly publicize the basic principles, intentions, and main operating mechanisms of algorithm recommendation services, and that algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers’ rights of fair trade, and are prohibited from carrying out illegal conduct such as unreasonable differentiated treatment on transaction conditions based on consumers’ preferences, purchasing habits, or such other characteristics.
In October 2021, the SAMR released the draft Guidelines for Classification and Grading of Internet Platforms, or the Draft Classification Guidelines, and the draft Guidelines for Implementing Subject Responsibilities of Internet Platforms, or the Responsibilities Guidelines, for public comments. The Classification Guidelines divide Internet platforms into super platforms, large platforms, and small and medium platforms, on the basis of the scale of users, business types, and restrictive capacities. The Responsibilities Guidelines further lay down additional responsibilities for operators of super platforms with respect to fair competition, equal governance, open ecosystem, data management, internal governance, risk assessment and prevention, security audit and innovation. For example, super platforms should promote interoperability between the services they provide and those provided by other platforms.

On March 18, 2023, the Cyberspace Administration of China released the Provisions on the Administrative Law Enforcement Procedures for the Cyberspace Administration Authorities, which came into effect on June 1, 2023. These provisions clarify the procedures of cyberspace administrative law enforcement actions of the cyberspace administration authorities, as well as the procedures and requirements for administrative penalty. These provisions state that, prior to the imposition of administrative penalties, cyberspace administration authorities must notify parties concerned of their right to request a hearing, and that they must make such request within five days of receiving a notification, otherwise they shall be deemed to have waived their right to a hearing.

On July 10, 2023, the Cyberspace Administration of China, together with other relevant authorities, released the Interim Measures on Generative AI Services, which will come into effect on August 15, 2023 and mainly impose compliance requirements on providers of generative AI services. According to the Interim Measures on Generative AI Services, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Providers of generative AI services shall enter into service agreements with users registering for their generative AI services and shall adopt effective measures to prevent minor users from over-relying or addicting to generative AI services. In the event illegal content or users engaging in illegal activities using generative AI services are discovered, the generative AI services providers are required to take appropriate measures, including stopping the generation of such illegal content and suspending or terminating the provision of services, undergo rectifications, keep relevant records and report to the competent authority. Any provider of generative AI services with attribute of public opinions or capable of social mobilization shall conduct security assessment and complete certain filings in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation. Providers of generative AI services may be subject to penalties for non-compliance, including warning, public denouncement, rectification orders and suspension of the provision of relevant services.

Regulation of Data and Privacy Protection

Under the ICP Measures, ICPs are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes upon the lawful rights and interests of others. Depending on the nature of the violation, ICPs may face criminal charges or sanctions by PRC public security authorities for these acts, and may be ordered to temporarily suspend their services or have their licenses revoked.

Under the rules issued by the MIIT, ICPs are also prohibited from collecting any personal user information or providing any information to third parties without the consent of the user. The Cybersecurity Law provides an exception to the consent requirement where the information is anonymous, not personally identifiable and unrecoverable. ICPs must expressly inform the users of the method, content and purpose of the collection and processing of user’s personal information and may only collect information necessary for its services. ICPs are also required to properly maintain the user personal information, and in case of any leak or likely leak of the user’s personal information, ICPs must take remedial measures immediately and report any material leak to the telecommunications regulatory authority.

The PRC government retains the power and authority to order ICPs to provide an Internet user’s personal information if a user posts any prohibited content or engages in any illegal activities through the Internet.

According to the Cybersecurity Law, individuals may request that network operators make corrections to or delete their personal information in case the information is wrong or was collected or used beyond an individual’s agreement with network operators.

On June 10, 2021, the Standing Committee of the National People’s Congress of China promulgated the Data Security Law which took effect in September 2021. The Data Security Law provides for data security and privacy obligations of entities and individuals carrying out data activities, prohibits entities and individuals in China from providing any foreign judicial or law enforcement authority with any data stored in China without approval from the competent PRC authority, and sets forth the legal liabilities of entities and individuals found to be in violation of their data protection obligations, including rectification order, warning, fine, suspension of relevant business, and revocation of business permits or licenses. The Data Security Law also introduces a data
classification and hierarchical protection system based on the importance of data in economic and social development, as well as the
degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when
such data is tampered with, destroyed, leaked, or illegally acquired or used, and an appropriate level of protection measures is required
to be taken for the respective categories of data, for example, the processor of important data shall designate the personnel and
management institution responsible for the data security, carry out risk assessment for its data processing activities and file the risk
assessment report with the competent authorities. In addition, the Data Security Law provides a national security review procedure for
those data activities which may affect national security and imposes export restrictions on certain data and information.

On July 7, 2022, the Cyberspace Administration of China promulgated the Measures for the Security Assessment of Cross-border
Data Transmission, which came into effect on September 1, 2022 and regulate the security assessment on the cross-border data
transfer by data processor of important data and personal information collected and generated during operations within the PRC.
According to these measures, personal data processors will be subject to security assessment conducted by the Cyberspace
Administration of China prior to any cross-border transfer of data if the transfer involves (i) important data; (ii) personal information
transferred overseas by operators of critical information infrastructure or a data processor that has processed personal data of more
than one million persons; (iii) personal information transferred overseas by a data processor who has already provided personal data of
100,000 persons or sensitive personal data of 10,000 persons overseas since January 1 of last year; or (iv) other circumstances as
requested by the Cyberspace Administration of China. According to the official interpretation by the official of the Cyberspace
Administration of China, cross-border data transfer activities subject to these measures include (1) the transmission and storage
overseas by data processors of the data generated during PRC domestic operations, and (2) the access to or use of the data collected
and generated by data processors and stored in the PRC by overseas institutions, organizations or individuals. Furthermore, any cross-
border data transfer activities conducted in violation of the Measures for the Security Assessment of Cross-border Data Transmission
before the effectiveness of these measures are required to be rectified by March 2023.

Furthermore, in November 2021, the Cyberspace Administration of China promulgated Draft Regulations on Network Data Security
Management, or the Draft Cyber Data Security Regulations, for public comments, pursuant to which, data processors shall apply for
cybersecurity review if they engage in (i) merger, reorganization or division of Internet platform operators with significant data
resources related to national security, economic development or public interests that affects or may affect national security; (ii)
overseas listing while processing over one million users’ personal information; (iii) Hong Kong listing that affects or may affect
national security; or (iv) other data processing activities that affect or may affect national security. The Draft Cyber Data Security
Regulations also provide that operators of large Internet platforms with headquarters, operation centers or R&D centers overseas shall
report to the Cyberspace Administration of China and relevant authorities. The Draft Cyber Data Security Regulations further require
data processors processing important data or going public overseas to conduct annual data security self-assessment, and submit the
data security assessment report to their respective local branch of the Cyberspace Administration of China before January 31 each
year. Internet platform operators shall also establish and publish data policies and rules on their websites for user comments. In
addition, data policies and rules and any material amendments thereof of large Internet platforms with over 100 million daily active
users shall be evaluated by a third-party organization designated by the Cyberspace Administration of China and approved by the
respective local branches of the Cyberspace Administration of China and the MIIT. There is no definite timetable as to when this draft
will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and
implementation of such measures.

On August 20, 2021, the Standing Committee of the National People’s Congress of China promulgated the Personal Information
Protection Law which took effect in November 2021. The Personal Information Protection Law requires, among others, that (i) the
processing of personal information should have a clear and reasonable purpose which should be directly related to the processing
purpose, using a method that has the least impact on personal rights and interests, and (ii) the collection of personal information
should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal
information. Different types of personal information and personal information processing will be subject to various rules on consent,
transfer, and security. Entities handling personal information shall bear responsibility for their personal information handling
activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, information
processors could be subject to liability for their processing activities, including rectification, or suspension or termination of their
provision of their services as well as confiscation of illegal income, fines or other penalties. As the Data Security Law, the Personal
Information Protection Law and relevant rules and regulations were recently promulgated, we may be required to make further
adjustments to our business practices to comply with these laws, rules and regulations.

**Regulation of Consumer Protection**

Our online and mobile commerce business is subject to a variety of consumer protection laws, including the PRC Consumer Rights
and Interests Protection Law, as amended and effective on March 15, 2014, and the Online Trading Measures, both of which have
imposed stringent requirements and obligations on business operators, including Internet business operators and platform service
providers like us. For example, consumers are entitled to return goods purchased online, subject to certain exceptions, within seven
days upon receipt of goods without any reason. On January 6, 2017, the SAIC issued the Interim Measures for No Reason Return of Online Purchased Commodities within Seven Days, which came into effect on March 15, 2017 and was amended on October 23, 2020, further clarifying the scope of consumers’ rights to make returns without a reason, including exceptions, return procedures and online marketplace platform providers’ responsibility to formulate seven day no-reason return rules and related consumer protection systems, and to supervise merchants for compliance with these rules. To ensure that merchants and service providers comply with these laws and regulations, we, as platform operators, are required to implement rules governing transactions on our platform, monitor the information posted by merchants and service providers, and report any violations by merchants or service providers to the relevant authorities. In addition, online marketplace platform providers may, pursuant to PRC consumer protection laws, be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers’ purchase of goods or acceptance of services on online marketplace platforms and the platform service providers fail to provide consumers with the contact information of the merchant or manufacturer. In addition, platform service providers may be jointly and severally liable with merchants and manufacturers if they are aware or should be aware that the merchant or manufacturer is using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop this activity.

Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of a fine, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

**Regulation of Pricing**

In China, the prices of a very small number of products and services are guided or fixed by the government. According to the PRC Pricing Law, or the Pricing Law, business operators must, as required by the government departments in charge of pricing, mark the prices explicitly and indicate the name, production origin, specifications, and other related particulars clearly. Business operators may not sell products at a premium or charge any fees that are not explicitly indicated. Business operators must not conduct unlawful pricing activities, such as colluding with others to manipulate the market price, providing fraudulent discounted price information, using false or misleading prices to deceive consumers to transact, or conducting price discrimination against other business operators. In addition, in July 2021, the SAMR released the revised draft Provisions on the Administrative Penalties on Price-related Violations for public comment, which proposed significant penalties, including fines of up to 10% of revenue during the violation period, suspension of business or revocation of business license, for a number of price-related violations, such as below-cost pricing to squeeze out competitors, price discrimination, manipulation of market prices and fraudulent pricing. In particular, improper pricing by e-commerce platform operators, including the use of big data analysis, algorithms or other technologies to conduct differentiated pricing and price subsidies, may be subject to significant penalties, including fines of up to 5% of prior year’s revenue, suspension of business and revocation of business license. Failure to comply with the Pricing Law or other rules or regulations on pricing may subject business operators to administrative sanctions such as warnings, orders to cease unlawful activities, payment of compensation to consumers, confiscation of illegal gains, and/or fines. The business operators may be ordered to suspend business for rectification, or have their business licenses revoked if the circumstances are severe. Merchants on Tmall and Taobao undertake the primary obligation under the Pricing Law. However, in some cases, we have been and may in the future be held liable and be subject to fines or other penalties if the authorities determine that, as platform operator, our guidance for platform-wide promotional activities resulted in unlawful pricing activities by the merchants on our platforms or the pricing information we provided for platform-wide promotional activities was untrue or misleading.

**Labor Laws and Social Insurance**

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

In addition, according to the PRC Social Insurance Law and the Regulations on the Administration of Housing Funds, employers in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

**Other Regulations**

**Regulation of Corporate Governance**

On December 24, 2021, the Standing Committee of the National People’s Congress issued the draft amended PRC Company Law, or the Draft Amended Company Law, for public comment. The revisions include (i) optimizing the governance mechanism, clarifying that the board of directors is the executive body of the company, allowing the company to choose to establish a corporate governance structure composed of “board of directors with an audit committee under the board of directors” or “board of directors and board of
supervisors” based on its actual circumstances, and allowing small companies limited by shares to be incorporated without a board of directors; (ii) further improving the company capital system, introducing the authorized capital system for companies limited by shares, clarifying the classes of shares that can be issued by companies limited by shares, strengthening the principle of capital maintenance, and allowing the use of capital reserves to cover losses; (iii) strengthening the fiduciary duties of the directors, supervisors and senior management, including the responsibilities of the directors, supervisors and senior management to maintain adequate company capital and report related party transactions, their joint and several liabilities and liquidation obligations; and (iv) improving the company registration system, clarifying that equity interests and creditor rights can be contributed as capital, allowing the establishment of companies limited by shares with one shareholder, and introducing simplified procedures for capital reduction and de-registration of company to facilitate a company’s operation. The Draft Amended Company Law, if adopted, will have a substantial impact on the current PRC Company Law and corporate governance structures governed by it, and our PRC corporate entities and their governance systems may be adjusted and changed accordingly.

On December 27, 2021, the SAMR issued the Interim Measures for the Administration of Beneficial Owner Information of Market Entities (Draft), or the Draft Measures for the Administration of Beneficial Owners, for public comment. The Draft Measures for the Administration of Beneficial Owners specify the scope of market entities that are subject to filing obligations, the conditions to exemption from filing, and the definition and identification standards of beneficial owners. According to the general standard for identifying the beneficial owners of companies and partnerships, natural persons who meet any of the following conditions are beneficial owners: ultimately owning 25% or more equity interests, shares or partnership interests in a company or partnership directly or indirectly, ultimately being entitled to 25% or more of its income, or exercising actual control over the company or partnership individually or jointly. If there is no person who meets the aforesaid standards, the person responsible for routine operation and management shall be deemed as the beneficial owner. The Draft Measures for the Administration of Beneficial Owners provide that the actual control includes without limitation the control by agreement, but does not conclusively determine the beneficial owner under contractual arrangements, and uncertainties exist with respect to our disclosure of beneficial owners pursuant to these draft measures.

**Regulation of Foreign Investment**

On March 15, 2019, the National People’s Congress promulgated the 2019 PRC Foreign Investment Law, which became effective on January 1, 2020 and replaced the major former laws and regulations governing foreign investment in the PRC. Pursuant to the 2019 PRC Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council of the PRC.

According to the 2019 PRC Foreign Investment Law and its implementing rules, China adopts a system of pre-entry national treatment plus negative list with respect to foreign investment administration, and the negative list will be proposed by the competent investment department of the State Council of the PRC in conjunction with the competent commerce department of the State Council of the PRC and other relevant departments, and be reported to the State Council of the PRC for promulgation, or be promulgated by the competent investment department or competent commerce department of the State Council of the PRC after being reported to the State Council of the PRC for approval. Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited industries as specified in the negative list, while foreign investment must satisfy certain conditions stipulated in the negative list for investment in the restricted industries. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely the Negative List and the Encouraged Industry Catalogue for Foreign Investment (2022 version), or the 2022 Encouraged Industry Catalogue, both of which were promulgated by the NDRC and the MOFCOM and took effect in January 2022 and January 2023 respectively. Industries not listed in these two categories are generally deemed “permitted” for foreign investment unless otherwise restricted by other PRC laws. Our major subsidiaries are registered in China and mainly engage in software development, technical services and consulting, all of which fall into the encouraged or permitted category. These major subsidiaries have obtained all material approvals required for their business operations. The Negative List does not apply to our major subsidiaries that are registered and domiciled in Hong Kong S.A.R., the British Virgin Islands or the Cayman Islands, and operate outside of Chinese mainland. The businesses of our other PRC subsidiaries – including PRC subsidiaries of our major subsidiaries – are generally software development, technical services and consulting, which fall into the encouraged or permitted category. Industries such as value-added telecommunications services, including Internet information services, are generally restricted to foreign investment pursuant to the Negative List. We conduct business operations that are restricted or prohibited to foreign investment through variable interest entities.

On December 19, 2020, the NDRC and MOFCOM promulgated the Foreign Investment Security Review Measures, which took effect on January 18, 2021. Under the Foreign Investment Security Review Measures, foreign investments in military, national defense-
related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, IT, Internet products and services, financial services and technology sectors, are required to obtain approval from designated governmental authorities in advance. Although the term “actual control” is not clearly defined under the Foreign Investment Security Review Measures, it is possible that control through contractual arrangements may be regarded as a form of actual control and therefore requires approval from the competent governmental authority. As the Foreign Investment Security Review Measures were recently promulgated, there are significant uncertainties with respect to their interpretation and implementation. Accordingly, there are substantial uncertainties as to whether our contractual arrangements may be deemed as a method of foreign investment in the future.

**Regulation of Foreign Debts**

The Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, or the Foreign Debts Measures, was promulgated by NDRC on January 5, 2023 and came into effect on February 10, 2023, requiring that the PRC enterprises and overseas enterprises or branches controlled by them, including holding companies with a VIE structure, to complete application for registration of foreign debts with the NDRC prior to the borrowing of foreign debts with a term of over one year.

**Tax Regulations**

**PRC Enterprise Income Tax**

The PRC enterprise income tax, or EIT, is calculated based on the taxable income determined under the applicable PRC Enterprise Income Tax Law, or EIT Law, and its implementation rules, both of which became effective on January 1, 2008 and were most recently amended on December 29, 2018 and April 23, 2019, respectively. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises.

The EIT Law and its implementation rules permit certain High and New Technologies Enterprises, or HNTEs, to enjoy a reduced 15% enterprise income tax rate if they meet certain criteria and are officially acknowledged. In addition, the relevant EIT laws and regulations also provide that entities recognized as Software Enterprises are able to enjoy a tax holiday consisting of a two-year-exemption commencing from their first profitable calendar year and a 50% reduction in ordinary tax rate for the following three calendar years. In 2020, the relevant governmental authorities further announced that Key Software Enterprises will be exempted from enterprise income tax for the first five years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years, and be subject to a preferential income tax rate of 10% after the first five years. The qualification as a “Key Software Enterprise” is subject to annual evaluation and approval by the relevant authorities in China. A number of our PRC subsidiaries and operating entities enjoy these types of preferential tax treatment.

**PRC VAT**

According to the amended Interim Regulation of the People’s Republic of China on Value Added Tax issued by the State Council of the PRC on November 19, 2017, a VAT rate of 6% applies to revenue derived from the provision of certain services. A taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On March 20, 2019, the MOF, the STA and the General Administration of Customs issued the Announcement on Policies for Deepening VAT Reform, or Announcement 39, which came into effect on April 1, 2019, to further slash VAT rates. According to Announcement 39, (i) the 16% or 10% VAT previously imposed on sales and imports by general VAT taxpayers is reduced to 13% or 9% respectively; (ii) the 10% purchase VAT credit rate allowed for procured agricultural products is reduced to 9%; (iii) the 13% purchase VAT credit rate allowed for agricultural products procured for production or commissioned processing is reduced to 10%; and (iv) the 16% or 10% export VAT refund rate previously granted to exportation of goods or labor services is reduced to 13% or 9%, respectively.

**PRC Import Tax**

According to the Notice on Tax Policy for Cross-Border E-commerce Retail Imports, or New Tax Notice on Cross-Border E-commerce, which became effective on April 8, 2016, goods imported through cross-border e-commerce platforms have been treated as normal goods subject to VAT, consumption tax and tariff. In general, a VAT at the rate of 17% (before May 1, 2018) or 16% (from May 1, 2018 to March 31, 2019) or 13% (from April 1, 2019 onwards) is levied on most goods imported via cross-border e-commerce platforms and a 15% consumption tax is levied on high-end cosmetics and high-end skincare products, while no consumption tax is
levied on regular skin care products, maternity or baby care products. As a preferential tax treatment, the Notice on Improving the Tax Policies on Cross-Border E-Commerce Retail Imports, which was issued on November 29, 2018 and took effect on January 1, 2019, provides that, if the goods imported through cross-border e-commerce platforms are within the quota of RMB5,000 per purchase order and RMB26,000 per year per buyer, there is a 30% discount off the applicable VAT and the consumption tax, and the tariff is waived.

**PRC Export Tax**

According to the Notice on the Taxation Policies for Cross-border E-Commerce Retail Export, or the E-Commerce Export Taxation Notice, which was jointly issued by the MOF and the STA and took effect on January 1, 2014, an e-commerce export enterprise may be exempt from or refunded with consumption tax and VAT upon satisfaction of certain conditions or requirements under such notice. However, third-party e-commerce platforms providing transaction services for e-commerce export enterprises are not eligible for a tax refund or exemption under the E-Commerce Export Taxation Notice.

**Regulation of Foreign Exchange and Dividend Distribution**

**Foreign Exchange Regulation**

The principal regulations governing foreign currency exchange in China are the Regulations on Foreign Exchange Administration of the PRC. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of foreign currency-denominated loans, or foreign currency is to be remitted into China under the capital account, such as capital increases or foreign currency loans to our PRC subsidiaries.

In June 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or Circular 16, which took effect on the same day. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding Renminbi obtained from foreign exchange settlement is not restricted from being used to extend loans to related parties or repay the inter-company loans (including advances by third parties).

On January 18, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which took effect on the same day. Circular 3 sets out various capital control measures with respect to outbound remittance of funds from PRC entities to offshore entities. Circular 3 requires banks to verify board resolutions, tax filing forms, and audited financial statements before wiring foreign invested enterprises’ foreign exchange distribution above US$50,000. Moreover, pursuant to Circular 3, PRC entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued the Notice of Further Facilitating Cross-border Trade and Investment, or Circular 28, which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, provided that such investments do not violate the negative list and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by SAFE on April 10, 2020, eligible enterprises are allowed to make PRC domestic payments with their income under capital accounts such as capital funds, foreign debts and proceeds from overseas listing without submitting evidence of genuineness to the banks in advance, provided the use of such funds is genuine and in compliance with administrative regulations on the use of income under capital accounts.

We typically do not need to use our offshore foreign currency to fund our PRC operations. In the event we need to do so, we will apply to obtain the relevant approvals of SAFE and other PRC government authorities as necessary. Our PRC subsidiaries’ distributions to their offshore parent companies and our cross-border foreign exchange activities are required to comply with the various requirements under the relevant foreign exchange rules.

**Regulation of Dividend Distribution**

The principal laws, rules and regulations governing dividend distribution by foreign-invested enterprises in the PRC are the Company Law of the PRC, as amended, which applies to both PRC domestic companies and foreign-invested companies, and the 2019 PRC Foreign Investment Law and its implementation rules, which apply to foreign-invested companies. Under these laws, rules and regulations, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance...
with PRC accounting standards and regulations. Both PRC domestic companies and wholly-foreign owned PRC enterprises are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulation of Overseas Listing

The PRC government has enhanced its regulatory oversight of Chinese companies listing overseas. The Opinions on Intensifying Crack Down on Illegal Securities Activities issued on July 6, 2021 called for (i) tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulations to specify responsibilities of overseas listed Chinese companies with respect to data security and information security; (ii) enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by Chinese companies; and (iii) extraterritorial application of PRC securities laws.

There are substantial uncertainties with respect to the interpretation and implementation of the Opinions on Intensifying Crack Down on Illegal Securities Activities. Furthermore, on February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five relevant guidelines, or collectively, the Overseas Listing Trial Measures, which took effect from March 31, 2023, requiring Chinese domestic companies’ overseas offerings and listings of equity securities be filed with the CSRC. The Overseas Listing Trial Measures clarify the scope of overseas offerings and listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder, and provide, among others, that Chinese domestic companies that have already directly or indirectly offered and listed securities in overseas markets prior to the effectiveness of the Overseas Listing Trial Measures shall fulfill their filing obligations and report relevant information to the CSRC within three working days after conducting a follow-on offering of equity securities on the same overseas market, and follow the relevant reporting requirements within three working days upon the occurrence of any specified circumstances provided thereunder. According to the Overseas Listing Trial Measures, if we fail to complete the filing procedures with the CSRC for any of our follow-on offerings or fall within any of the circumstances where our follow-on offering is prohibited by the State Council of the PRC, our offering application may be discontinued and we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council of the PRC.

On February 24, 2023, the CSRC and several other governmental authorities jointly issued the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Revised Confidentiality Provisions, which came into effect on March 31, 2023. According to the Revised Confidentiality Provisions, Chinese companies that directly or indirectly conduct overseas offerings and listings, shall strictly abide by the laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, materials to securities services providers. In the event such materials contain state secrets or working secrets of government agencies, the Chinese companies shall first obtain approval from authorities, and file with the secrecy administrative department at the same level with the approving authority; in the event that such materials, if divulged, will jeopardize national security or public interest, the Chinese companies shall comply with procedures stipulated by national regulations. The Chinese companies shall also provide a written statement of the specific sensitive information provided when providing materials to securities service providers, and such written statements shall be retained for inspection.

Data Protection Regulation in Europe

On May 25, 2018, EU Directive 95/46/EEC was replaced by the GDPR on the protection of natural persons with regard to the processing and free movement of personal data. The GDPR applies directly in all EU member states from May 25, 2018 and applies to companies with an establishment in the European Economic Area, or the EEA, and to certain other companies not in the EEA that offer or provide goods or services to individuals located in the EEA or monitor individuals located in the EEA. The GDPR implements more stringent operational requirements for controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information and pseudonymized data, increased cybersecurity requirements, mandatory data breach notification requirements and higher standards for controllers to demonstrate that they have obtained a valid legal basis for certain data processing activities. The activities of data processors will be regulated for the first time, and companies undertaking processing activities are required to offer certain guarantees in relation to the security of processing and the handling of personal data. Contracts with data processors will also need to be updated to include certain terms prescribed by the GDPR, and negotiating these updates may not be fully successful in all cases. Failure to comply with EU laws, including failure under the GDPR and other laws relating to the security of personal data may result in fines up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, if greater, and other administrative penalties including criminal liability.
C. Organizational Structure

Like many large scale, multinational companies with businesses around the world and across industries, we conduct our business through a large number of Chinese and foreign operating entities, including VIEs. The chart below summarizes our corporate structure as of March 31, 2023 and identifies the subsidiaries and VIEs that together are representative of the major businesses operated by our group, including our significant subsidiaries, as that term is defined under Section 1-02 of Regulation S-X under the U.S. Securities Act, and other representative subsidiaries, which we collectively refer to as our major subsidiaries, as well the corresponding representative VIEs, which we refer to as the representative VIEs:

(1) Primarily involved in the operation of local consumer services businesses.
(2) Primarily involved in the operation of Cainiao business.
(3) Primarily involved in the operation of cloud business.
(4) Primarily involved in the operation of digital media and entertainment business.
(5) Primarily involved in the operation of Taobao.
(6) Primarily involved in the operation of Tmall.
(7) Primarily involved in the operation of our wholesale marketplaces and cross-border commerce retail and wholesale businesses.
(8) Primarily involved in investment projects.
(9) A VIE.
For information about the major VIEs, which account for a significant majority of the total revenue and assets of the VIEs, please see “Item 3. Key Information — The VIE Structure Adopted by Our Company— Variable Interest Entity Financial Information.”

**Contractual Arrangements among Our Subsidiaries, Variable Interest Entities and the Variable Interest Entity Equity Holders**

Due to legal restrictions on foreign ownership and investment in, among other areas, value-added telecommunications services, which include the operations of ICPs, we, similar to all other entities with foreign-incorporated holding company structures operating in our industry in China, operate our Internet businesses and other businesses in which foreign investment is restricted or prohibited in the PRC through various contractual arrangements with VIEs that are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens. The relevant VIEs hold the ICP licenses and other regulated licenses and operate our Internet businesses and other businesses in which foreign investment is restricted or prohibited. Specifically, for fiscal year 2023, our representative VIEs are Zhejiang Taobao Network Co., Ltd., Zhejiang Tmall Network Co., Ltd., Hangzhou Alibaba Advertising Co., Ltd., Hangzhou Ali Venture Capital Co., Ltd., Shanghai Rajax Information Technology Co., Ltd., Alibaba Cloud Computing Ltd. and Alibaba Culture Entertainment Co., Ltd. See “— C. Organizational Structure” above.

While the VIEs hold licenses and approvals and assets for regulated activities that are necessary for our business operations, as well as certain equity investments in businesses, to which foreign investments are typically restricted or prohibited under applicable PRC law, our subsidiaries hold the significant majority of our assets and operations and capture the significant majority of our revenue. Therefore, we directly capture the significant majority of the profits and associated cash flow from operations without having to rely on contractual arrangements to transfer cash flow from the VIEs to our subsidiaries.

The currently effective contractual arrangements, as described in more detail below, by and among us, our relevant subsidiaries, the VIEs, and their shareholders include loan agreements, exclusive call option agreements, proxy agreements, equity pledge agreements and exclusive services agreements. As a result of the contractual arrangements with the VIEs and their shareholders, we include the financial results of each of the VIEs in our consolidated financial statements in accordance with U.S. GAAP. The VIE structure involves risks and is subject to uncertainties under PRC laws and regulations. See “Item 3. Key Information - D. Risk Factors – Risks Related to Our Corporate Structure.”

**VIE Structure**

**Overview**

The following diagram is a simplified illustration of the typical ownership structure and contractual arrangements for VIEs:
For most of the VIEs, our group uses a different structure, or the Enhanced VIE Structure. The Enhanced VIE Structure maintains the primary legal framework that we and many peer companies in our industry have adopted to operate businesses in which foreign investment is restricted or prohibited in the PRC.

Compared with the prior VIE structure adopted by many peer companies in our industry, which uses natural persons to serve as direct or indirect equity holders of the VIE, we have designed the Enhanced VIE Structure to:

- reduce the key man and succession risks associated with natural person VIE equity holders, through a new structure that has widely dispersed interests among natural person interest holders; and
- create a VIE ownership structure that is more stable and self-sustaining, by distancing the natural person interest holders with the VIE with multiple layers of legal entities, including a partnership structure and multiple layers of contractual arrangements.

**VIE equity holders under the Enhanced VIE Structure**

Under the Enhanced VIE Structure, a VIE is typically held by a PRC limited liability company, instead of individuals. This PRC limited liability company is directly or indirectly owned by two PRC limited partnerships, each of which holds 50% of the equity interest. Each of these partnerships is comprised of (i) a PRC limited liability company, as general partner (which is formed by a number of selected members of the Alibaba Partnership and our management who are PRC citizens), and (ii) the same group of natural persons, as limited partners. Under the terms of the relevant partnership agreements, the natural person limited partners must be members of the Alibaba Partnership or our management who are PRC citizens and as designated by the general partner of the partnership. We may also create additional holding structures in the future. For our representative VIEs, these individuals are Daniel Yong Zhang, Jessie Junfang Zheng, Xiaofeng Shao, Zeming Wu and Fang Jiang (with respect to each of Zhejiang Taobao Network Co., Ltd., Zhejiang Tmall Network Co., Ltd., Hangzhou Alibaba Advertising Co., Ltd., Hangzhou Ali Venture Capital Co., Ltd., Shanghai Rajax Information Technology Co., Ltd. and Alibaba Cloud Computing Ltd.), and Jeff Jianfeng Zhang, Winnie Jia Wen, Jie Song, Yongxin Fang and Li Cheng (with respect to Alibaba Culture Entertainment Co., Ltd.). Because Li Cheng is no longer a member of the Alibaba Partnership, we are in the process of replacing him. In addition, we are in the process of restructuring the VIEs and changing these individuals as part of our Reorganization.
The following diagram is a simplified illustration of the typical ownership structure and contractual arrangements of the VIEs under the Enhanced VIE Structure.

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1. Selected members of the Alibaba Partnership or our management who are PRC citizens.

Under the Enhanced VIE Structure, the designated subsidiary, on the one hand, and the corresponding VIE and the multiple layers of legal entities above the VIE, as well as the natural persons described above, on the other hand, enter into contractual arrangements, which are substantially similar to the contractual arrangements we have historically used for VIEs. See “— Loan Agreements,” “— Exclusive Call Option Agreements,” “— Proxy Agreements,” “— Equity Pledge Agreements” and “— Exclusive Services Agreements” below.

There are risks associated with the VIE structure in general and the Enhanced VIE Structure. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Corporate Structure.”

The following is a summary of our typical contractual arrangements.
**Loan Agreements**

Pursuant to the relevant loan agreement, our respective subsidiary has granted a loan to the relevant VIE equity holders, which may only be used for the purpose of its business operation activities agreed by our subsidiary or the acquisition of the relevant VIE. Our subsidiary may require acceleration of repayment at its absolute discretion. When the VIE equity holders make early repayment of the outstanding amount, our subsidiary or a third-party designated by it may purchase the equity interests in the VIE at a price equal to the outstanding amount of the loan, subject to any applicable PRC laws, rules and regulations. The VIE equity holders undertake not to enter into any prohibited transactions in relation to the VIE, including the transfer of any business, material assets or equity interests in the VIE to any third-party. The parties to the loan agreement for each of the representative VIEs are the relevant VIE equity holders, on the one hand, and Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., Alibaba (China) Technology Co., Ltd., Alibaba (China) Co. Ltd., Rajex Network Technology (Shanghai) Co., Ltd., Zhejiang Alibaba Cloud Computing Ltd. and Beijing Youku Technology Co., Ltd., our corresponding subsidiaries, on the other hand.

**Exclusive Call Option Agreements**

Under the Enhanced VIE Structure, each relevant VIE and its equity holders have jointly granted our relevant subsidiary (A) an exclusive call option to request the relevant VIE to decrease its registered capital at an exercise price equal to the higher of (i) the paid-in registered capital in the relevant VIE and (ii) the minimum price as permitted by applicable PRC law, or the capital decrease price, and (B) an exclusive call option to subscribe for any increased capital of relevant VIE at a price equal to the capital decrease price, or the sum of the capital decrease price and the unpaid registered capital, if applicable, as of the capital decrease. Our subsidiary may nominate another entity or individual to purchase the equity interest or assets, or to subscribe for the relevant increased capital, if applicable, under the call options. Execution of each call option shall not violate the applicable PRC laws, rules and regulations. Each VIE equity holders has agreed that the following amounts, to the extent in excess of the original registered capital that they contributed to the VIE (after deduction of relevant tax expenses), belong to and shall be paid to our relevant subsidiaries: (i) proceeds from the transfer of its equity interests in the VIE, (ii) proceeds received in connection with a capital decrease in the VIE, and (iii) distributions or liquidation residuals from the disposal of its equity interests in the VIE upon termination or liquidation. Moreover, any profits, distributions or dividends (after deduction of relevant tax expenses) received by the VIE equity holder also belong to and shall be paid to our subsidiary. The exclusive call option agreements remain in force until the equity interest or assets that are the subject of these agreements are transferred to our subsidiary. The parties to the exclusive call option agreement for each of the representative VIEs are the relevant VIE equity holder, the relevant VIE and our corresponding subsidiary.

**Proxy Agreements**

Pursuant to the relevant proxy agreement, each of the VIE equity holders irrevocably authorizes any person designated by our subsidiary to exercise the rights of the equity holder of the VIE, including without limitation the right to vote and appoint directors. The parties to the proxy agreement for each of the representative VIEs are the relevant VIE equity holder, the relevant VIE and our corresponding subsidiary.

**Equity Pledge Agreements**

Pursuant to the relevant equity pledge agreement, the relevant VIE equity holders have pledged all of their interests in the equity of the VIE as a continuing first priority security interest in favor of the corresponding subsidiary to secure the outstanding amounts advanced under the relevant loan agreements described above and to secure the performance of obligations by the VIE and/or its equity holders under the other structure contracts. Each subsidiary is entitled to exercise its right to dispose of the VIE equity holders’ pledged interests in the equity of the VIE and has priority in receiving payment by the application of proceeds from the auction or sale of the pledged interests, in the event of any breach or default under the loan agreement or other structure contracts, if applicable. These equity pledge agreements remain in force until the later of (i) the full performance of the contractual arrangements by the relevant parties, and (ii) the full repayment of the loans made to the relevant VIE equity holders. The parties to the equity pledge agreement for each of the representative VIEs are the relevant VIE equity holder, the relevant VIE and our corresponding subsidiary.

**Exclusive Services Agreements**

Under the Enhanced VIE Structure, each relevant VIE has entered into an exclusive service agreement with the respective subsidiary, pursuant to which our relevant subsidiary provides exclusive services to the VIE. In exchange, the VIE pays a service fee to our subsidiary, the amount of which shall be determined, to the extent permitted by applicable PRC laws as proposed by our subsidiary, resulting in a transfer of substantially all of the profits from the VIE to our subsidiary.

The exclusive call option agreements described above also entitle our subsidiary to all profits, distributions or dividends (after deduction of relevant tax expenses) to be received by the VIE equity holder, and the following amounts, to the extent in excess of the
original registered capital that they contributed to the VIE (after deduction of relevant tax expenses) to be received by each VIE equity holder: (i) proceeds from the transfer of its equity interests in the VIE, (ii) proceeds received in connection with a capital decrease in the VIE, and (iii) distributions or liquidation residuals from the disposal of its equity interests in the VIE upon termination or liquidation.

In the opinion of Fangda Partners, our PRC legal counsel:

- the ownership structures of the representative VIEs in China and our corresponding subsidiaries do not and will not violate any applicable PRC law, regulation, or rule currently in effect; and
- the contractual arrangements between the representative VIEs, the VIE holders and our corresponding subsidiaries governed by PRC laws are valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations currently in effect, and will not violate any applicable PRC law, regulation, or rule currently in effect.

However, we have been further advised by our PRC legal counsel, Fangda Partners, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations. Accordingly, the possibility that the PRC regulatory authorities and PRC courts may in the future take a view that is contrary to the opinion of our PRC legal counsel cannot be ruled out. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the aforesaid business we engage in, we could be subject to severe penalties including being prohibited from continuing operations. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Corporate Structure.”

D. Property, Plant and Equipment

As of March 31, 2023, we occupied facilities around the world with an aggregate gross floor area of office buildings, logistics warehouses, retail space, data centers and other facilities owned by us totaling approximately 23.7 million square meters, reflecting the continuous expansion of our business. We maintain offices in many countries and regions, including Chinese mainland, Hong Kong S.A.R., Singapore and the United States. In addition, we maintain data centers in a number of countries including Chinese mainland, Hong Kong S.A.R., Indonesia, Malaysia, Thailand, India, Philippines, Australia, Singapore, UAE, Germany, the UK, Japan, South Korea and the United States.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes included in this annual report and in particular, “Item 4. Information on the Company — B. Business Overview.” This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information — D. Risk Factors” and elsewhere in this annual report. We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our fiscal year ends on March 31 and references to fiscal years 2021, 2022 and 2023 are to the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Overview

Our total revenue increased by 19% from RMB717,289 million in fiscal year 2021 to RMB853,062 million in fiscal year 2022, and further increased by 2% to RMB868,687 million (US$126,491 million) in fiscal year 2023. Our net income decreased by 67% from RMB143,284 million in fiscal year 2021 to RMB47,079 million in fiscal year 2022, and increased by 39% to RMB65,573 million (US$9,548 million) in fiscal year 2023.

Our non-GAAP net income, which excludes the effect of share-based compensation expense, amortization and impairment of intangible assets, impairment of investments and goodwill, gain or loss on deemed disposals/disposals/revaluation of investments and certain other items, as adjusted for tax effects, decreased by 21% from RMB171,985 million in fiscal year 2021 to RMB136,388 million in fiscal year 2022. Non-GAAP net income increased by 4% to RMB141,379 million (US$20,586 million) in fiscal year 2023.
For further information on non-GAAP financial measures we use in evaluating our operating results and for financial and operational decision-making purposes, see “— Non-GAAP Measures.”

Our Operating Segments

We organize and report our business in seven operating segments:

- China commerce;
- International commerce;
- Local consumer services;
- Cainiao;
- Cloud;
- Digital media and entertainment; and
- Innovation initiatives and others.

This presentation reflects how we manage our business to maximize efficiency in allocating resources. This presentation also provides further transparency to our various businesses that are executing different phases of growth and operating leverage trajectories.

We present segment information after elimination of inter-company transactions. In general, revenue, cost of revenue and operating expenses are directly attributable, or are allocated, to each segment. We allocate costs and expenses that are not directly attributable to individual segments, such as those that support infrastructure across different operating segments, to different operating segments mainly on the basis of usage, revenue or headcount, depending on the nature of the relevant costs and expenses.

In discussing the operating results of these seven segments, we present each segment’s revenue, income from operations and adjusted earnings before interest, taxes and amortization, or adjusted EBITA.

Our reported segments are described below:

- **China commerce.** China commerce segment mainly includes our China commerce retail businesses such as Taobao, Tmall, Taobao Deals, Taobao, Freshippo, Tmall Supermarket, Sun Art, Tmall Global and Alibaba Health, as well as wholesale business including 1688.com.

- **International commerce.** International commerce segment mainly includes our international commerce retail and wholesale businesses such as Lazada, AliExpress, Trendyol, Daraz and Alibaba.com.

- **Local consumer services.** Local consumer services segment mainly includes location-based businesses, such as Ele.me, Amap, Fliggy and Koubei.

- **Cainiao.** Cainiao segment mainly includes our domestic and international one-stop-shop logistics services and supply chain management solutions.

- **Cloud.** Cloud segment is comprised of Alibaba Cloud and DingTalk.

- **Digital media and entertainment.** Digital media and entertainment segment is comprised of Youku, Quark, Alibaba Pictures and other content and distribution platforms, as well as our online games business.

- **Innovation initiatives and others.** Innovation initiatives and others segment includes businesses such as DAMO Academy, Tmall Genie and others. Other revenue also includes annual fees received from Ant Group or its affiliates in relation to the SME loans business that we transferred to Ant Group in February 2015. This annual fee is payable for seven years starting in 2015, and has ended in December 2021.
We are in the process of implementing a new organizational and governance structure. Under the new structure, we are the holding company of six major business groups and various other businesses. The six major business groups are Cloud Intelligence Group, Taobao and Tmall Group, Local Services Group, Alibaba International Digital Commerce Group, Cainiao Smart Logistics Network Limited and Digital Media and Entertainment Group. Accordingly, we expect in the future we will update our segment reporting to reflect the new reporting structure that will be reviewed by our chief operating decision maker.

The table below sets forth supplemental financial information of our reported segments for fiscal year 2023:

<table>
<thead>
<tr>
<th>Year ended March 31, 2023</th>
<th>China commerce(1)</th>
<th>International commerce</th>
<th>Local consumer services(1)</th>
<th>Cainiao</th>
<th>Cloud</th>
<th>Digital media and entertainment</th>
<th>Innovation initiatives and others</th>
<th>Unallocated(1)</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>582,731</td>
<td>69,204</td>
<td>50,112</td>
<td>55,681</td>
<td>77,203</td>
<td>31,482</td>
<td>2,274</td>
<td>—</td>
<td>868,687</td>
</tr>
<tr>
<td>Income (Loss) from operations</td>
<td>172,191</td>
<td>(8,429)</td>
<td>(23,302)</td>
<td>(3,622)</td>
<td>(5,151)</td>
<td>(4,638)</td>
<td>(9,409)</td>
<td>(17,289)</td>
<td>100,351</td>
</tr>
<tr>
<td>Add: Share-based compensation expense</td>
<td>7,969</td>
<td>2,716</td>
<td>3,672</td>
<td>2,218</td>
<td>6,561</td>
<td>1,756</td>
<td>1,658</td>
<td>4,281</td>
<td>3,831</td>
</tr>
<tr>
<td>Add: Amortization and impairment of intangible assets</td>
<td>4,702</td>
<td>93</td>
<td>5,609</td>
<td>1,013</td>
<td>1,008</td>
<td>844</td>
<td>223</td>
<td>13,504</td>
<td>1,967</td>
</tr>
<tr>
<td>Add: Impairment of goodwill</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12</td>
<td>1,008</td>
<td>844</td>
<td>2,714</td>
<td>2,714</td>
</tr>
<tr>
<td>Add: Equity-settled donation expense</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>511</td>
<td>511</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>184,462</td>
<td>(5,620)</td>
<td>(14,021)</td>
<td>(391)</td>
<td>1,422</td>
<td>(1,874)</td>
<td>(6,307)</td>
<td>(9,560)</td>
<td>147,911</td>
</tr>
<tr>
<td>Adjusted EBITA margin</td>
<td>32%</td>
<td>(8)%</td>
<td>(28)%</td>
<td>(1)%</td>
<td>2%</td>
<td>(6)%</td>
<td>(304)%</td>
<td>N/A</td>
<td>17%</td>
</tr>
</tbody>
</table>

(1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment, and the equity-settled donation expense related to the allotment of shares to a charitable trust, are presented as unallocated items in the segment information because our management does not consider these as part of the segment operating performance measure.

**Our Monetization Model**

Our marketplaces and businesses are highly synergetic, which create an ecosystem that enables consumers, merchants, brands, retailers, other businesses, third party service providers and strategic partners to interconnect and interact with each other. We leverage our leading technologies to provide various value propositions to participants in our ecosystem and realize monetization by offering different services and creating value under each of our business segments.

We derive majority of our revenue from our China commerce segment, which accounted for 70%, 69% and 67% of our total revenue in fiscal years 2021, 2022 and 2023, respectively, while International commerce segment, Local consumer services segment, Cainiao segment, Cloud segment, Digital media and entertainment segment, and Innovation initiatives and others segment contributed in aggregate 30%, 31% and 33% in fiscal years 2021, 2022 and 2023, respectively.

Our monetization and profit model primarily consists of the following elements:

**China Commerce**

**China Commerce Retail**

We generate revenue from merchants by leveraging our consumer insights and data technologies which enable brands and merchants to attract, engage and retain consumers, complete transactions, improve their branding, enhance operating efficiency, and offer various services. On the consumer side, leveraging these insights and technologies, as well as our supply chain capabilities, we also generate revenue from product sales for our direct sales businesses.
The revenue of our China commerce retail business primarily consists of customer management revenue and direct sales and other revenue. The following table sets forth the revenue from our China commerce retail business, in absolute amounts and as percentages of our total revenue, for the fiscal years presented:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2021</th>
<th>RMB</th>
<th>% of revenue</th>
<th>Year ended March 31, 2022</th>
<th>RMB</th>
<th>% of revenue</th>
<th>Year ended March 31, 2023</th>
<th>RMB</th>
<th>US$</th>
<th>% of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(in millions, except percentages)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China commerce retail</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer management</td>
<td></td>
<td>304,543</td>
<td>43%</td>
<td>315,038</td>
<td>37%</td>
<td>290,378</td>
<td>42,282</td>
<td>33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct sales and others (1)(2)</td>
<td>182,514</td>
<td>25%</td>
<td>259,830</td>
<td>30%</td>
<td>274,954</td>
<td>40,037</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>487,057</td>
<td>68%</td>
<td>574,868</td>
<td>67%</td>
<td>565,332</td>
<td>82,319</td>
<td>65%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Direct sales and others revenue under China commerce retail businesses primarily represents our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo, and Alibaba Health’s direct sales businesses where revenue and the cost of inventory are recorded on a gross basis.

Customer management

We derive a majority of our China commerce retail revenue from customer management, which primarily consists of:

- **P4P marketing services**, where merchants primarily bid for keywords that match product or service listings appearing in search results through our online auction system on a cost-per-click (CPC) basis. We provide these services directly on our marketplaces or through collaboration with third-party affiliates.

- **In-feed marketing services**, where merchants primarily bid to market to groups of consumers with similar profiles that match product or service listings appearing in browser results through our online auction system on a CPC or cost-per-thousand impression (CPM) basis. We provide these services directly on our marketplaces or through collaboration with third-party affiliates.

- **Commissions on transactions**, where merchants pay a commission based on a percentage of transaction value generated on Tmall and certain other marketplaces. The commission percentages on Tmall typically range from 0.3% to 5.0% depending on the product category.

- **Taobaoke program**, where we collaborate with shopping guide platforms, medium- and small-sized websites and mobile apps, individuals and other third parties, collectively “Taobaokes,” to offer marketing services to our merchants. Taobaokes display the marketing information of our merchants on their media. We generate revenue from the commissions paid by merchants based on a percentage of transaction value generated from users under the Taobaoke program.

Direct sales and others

Direct sales and other revenue from our China commerce retail businesses is primarily generated by our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo, and Alibaba Health’s direct sales businesses and primarily consists of revenue from product sales.

China Commerce Wholesale

We generate revenue from our China commerce wholesale business primarily through membership fees, value-added services and customer management services. Revenue from membership fees are primarily fixed annual fees from the sale of China TrustPass memberships for paying members to reach customers, provide quotations and transact. Paying members may also purchase premium memberships and additional value-added services, such as premium data analytics and upgraded storefront management tools, the prices of which are determined based on the types and duration of the value-added services. Revenue from customer management services is primarily derived from P4P marketing services.
**International Commerce**

**International Commerce Retail**

We generate revenue from our International commerce retail businesses primarily through logistics services, direct sales, commissions on transactions and P4P marketing services. We generate logistics services and direct sales revenue primarily from Lazada, Trendyol and AliExpress. Our revenue from commission is mainly contributed by transactions on AliExpress, where merchants typically pay 5% to 8% of the transaction value, and Trendyol. In addition, we generate revenue from P4P marketing services, primarily from AliExpress and Lazada’s organic traffic and its collaboration with third-party websites and mobile apps.

**International Commerce Wholesale**

We generate revenue from our International wholesale commerce businesses primarily through membership fees, value-added services and customer management services. Revenue from membership fees are primarily fixed annual fees from the sale of Gold Supplier memberships for paying members to reach customers, provide quotations and transact. Revenue from value-added services primarily consists of fees for services such as trade assurance services, the prices of which are determined based on the types, usage and duration of the value-added services. Revenue from customer management services is primarily derived from P4P marketing services.

**Local Consumer Services**

We generate revenue from Local consumer services primarily through platform commissions and on-demand delivery services by our “To-home” business. Our revenue from platform commissions is mainly contributed by transactions on Ele.me, where merchants pay a commission based on a percentage of the transaction value. The commission percentages vary depending on product category. We also generate revenue through on-demand delivery services, including delivery of meals, food, groceries, FMCG, flowers and pharmaceutical products, for merchants and customers through Fengniao Logistics, Ele.me’s on-demand delivery network.

In addition, our “To-destination” businesses mainly generate revenue from Amap and Fliggy. Amap primarily charges a software service fee and technology service fee to enterprise customers. Revenue from Fliggy consists of commission fees paid by merchants based on a percentage of transaction value generated on Fliggy.

**Cainiao**

We generate revenue from Cainiao business primarily through supply chain and logistics services. For International and domestic merchants, Cainiao provides end-to-end supply chain solution and logistics services, and charge fees based on the number of logistics orders fulfilled. In addition, Cainiao generates revenue from providing value-added services to consumers and third-party logistics service providers, such as technology services, logistics services and community-based services.

**Cloud**

Our Cloud businesses primarily generate revenue from the provision of public cloud services and hybrid cloud services to our domestic and international enterprise customers:

- **Public cloud services**, where we generate revenue from a wide range of cloud services, including, among others, elastic computing, storage, network, database, big data, security and proprietary servers. Enterprise customers can pay for these services on a consumption or subscription basis, such as on-demand delivery of computing services and storage capacities.

- **Hybrid cloud services**, where we generate revenue through packaged cloud services, including hardware, software license, software installation service, application development and maintenance service, based on the customized needs of enterprise customers.

**Digital Media and Entertainment**

Revenue from Digital media and entertainment business is primarily comprised of membership subscription fees, self-developed online games revenue and customer management revenue. Membership subscription fees are mainly generated from paying subscribers. Revenue from self-developed online games business is mainly attributable to the sales of in-game virtual items. Customer management revenue is generally generated from businesses and advertising agencies and the monetization model is substantially similar to the customer management revenue for our China commerce retail business.
Innovation Initiatives and Others

Tmall Genie primarily generates revenue from product sales. Other revenue includes annual fees received from Ant Group or its affiliates in relation to the SME loans business that we transferred to Ant Group in February 2015. This annual fee is payable for seven years starting in 2015, and has ended in December 2021. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries.”

Factors Affecting Our Results of Operations

Our Ability to Create Value for Our Users and Generate Revenue. Our ability to create value for our users and generate revenue is driven by the factors described below:

- **Number and engagement of consumers.** Consumers are attracted to our platforms by the breadth of curated products and services, personalized content and the interactive user experience these platforms offer. Our platforms include a comprehensive selection of product and service offerings as well as engaging content, such as recommendation feeds on our Taobao app and entertainment content on Youku. Consumers enjoy an engaging social experience by interacting with each other and with merchants, brands and KOLs on our platforms. We leverage our consumer insights to further optimize the relevance of this rich content we provide to our users. The engagement of consumers in our ecosystem is affected by our ability to continue to enhance and expand our product and service offerings and improve user experience.

- **Broader value offered to merchants, brands, retailers and other businesses.** Merchants, brands, retailers and other businesses use our products and services to help them reach, acquire and retain customers, build brand awareness and engagement, complete transactions, and enhance their operating efficiency. We offer merchants and retailers a comprehensive suite of services and tools, powered by our consumer insights, to help them effectively engage consumers, efficiently manage their operations and provide a seamless online and offline consumer experience. With our proprietary data and technologies, we also facilitate the digital transformation of traditional merchants and retailers. In addition, we empower businesses of different sizes across various industries through our comprehensive enterprise cloud service offerings.

- **Empowering data and technology.** Our ability to engage consumers and empower merchants, brands, retailers and other businesses is affected by the breadth and depth of our consumer insights, such as the accuracy of our shopping recommendations and of our targeted marketing, and our technology capabilities and infrastructure, such as cloud computing, and our continued ability to develop scalable products and services that adapt to the quickly evolving industry trends and consumer preferences.

Operating Leverage of Our Business Model. Our primary business model has significant operating leverage and our ecosystem enables us to realize structural cost savings. For example, Taobao drives significant traffic to Tmall as Tmall product listings also appear on Taobao search result pages. Furthermore, the large number of consumers on our marketplaces attracts a large number of merchants, who become customers for our customer management and storefront services. In addition, the vast consumer base of our ecosystem presents cross-selling opportunities across our various platforms. For example, we can offer consumer services, such as Ele.me, and promote our digital media and entertainment services, including Youku, to consumers on our marketplaces. These network effects allow for lower traffic acquisition costs and provide synergies across our businesses.

Our Investment in User Base, Technology, People, Infrastructure, and Innovative Business Model. We have made, and will continue to make, significant investments in our platforms and ecosystem to attract consumers and merchants, enhance user experience and expand the capabilities and scope of our platforms. We expect our investments will include expanding our China and international offerings, implementing our local consumer service businesses, strengthening our logistics and fulfillment capabilities, enhancing our Cloud business, investing in content and user acquisition to further develop our digital media and entertainment business, cultivating innovation initiatives and new technologies as well as executing our globalization strategy. Our operating leverage and profitability enable us to continue to invest in our people, particularly engineers, scientists and product management personnel, as well as in our technology capabilities and infrastructure. Our investment in the above-mentioned new and existing businesses has and will continue to lower our margins but we believe the investment will deliver overall long-term growth.

Strategic Investments and Acquisitions. We have made, and intend to make, strategic investments and acquisitions. Our investment and acquisition strategy is focused on strengthening our ecosystem, creating strategic synergies across our businesses, and enhancing our overall value. Our strategic investments and acquisitions may adversely affect our future financial results, including our margins and our net income, at least in the short term. In addition, some of our acquisitions and investments may not be successful. We have incurred impairment charges in the past and may incur impairment charges in the future.
Recent Investment, Acquisition and Strategic Alliance Activities

In addition to organic growth, we have made, or have entered into agreements to make, strategic investments, acquisitions and alliances that are intended to further our strategic objectives. The financial results for these strategic transactions that were completed are reflected in our operating results beginning with the period of their respective completion. Investments in which we did not obtain control are generally accounted for under the equity method if we have significant influence over the investee through investment in common stock or in-substance common stock. Otherwise, investments are generally carried at fair value with unrealized gains and losses recorded in the consolidated income statements or accounted for using the measurement alternative based on our accounting policies over different categories of investments. For the details of our accounting policies for each category of our investments, see notes 2(d), 2(t) and 2(u) to our audited consolidated financial statements included in this annual report.

We have developed focused investment strategies, targeting to invest, acquire or form alliances that will either complement our existing businesses or drive innovation initiatives. In some cases, we may take a staged approach to our investment and acquisition strategy, by beginning with an initial minority investment followed by business cooperation. When the business results, cooperation and the overall relationship established with the management of the investee company show increasing value to our ongoing business strategy, we may increase our investment or acquire the investee company completely.

We have funded our strategic acquisitions and investments primarily from cash generated from our operations and through debt and equity financing. Our debt financing primarily consists of unsecured senior notes and bank borrowings, including an aggregate of US$8.0 billion unsecured senior notes issued in November 2014, of which US$5.05 billion was repaid in 2017, 2019 and 2021, an aggregate of US$7.0 billion unsecured senior notes issued in December 2017, of which US$0.7 billion was repaid in June 2023, an aggregate of US$5.0 billion unsecured senior notes issued in February 2021, a five-year term loan facility of US$4.0 billion drawn down in fiscal year 2017, the maturity of which has been extended to May 2024 in May 2019 and has been further extended to May 2028 in July 2023, as well as a US$6.5 billion revolving credit facility which we have not yet drawn. Going forward, we expect to fund additional investments through cash generated from our operations and through debt and equity financing when opportunities arise in the future. Although we expect our margins to be negatively affected by acquisitions of target companies with lower or negative margins, we do not expect our investment activities to have any significant negative impact on our liquidity or operations. We believe acquired businesses operating at a loss do not detract from our total value because they bring clear strategic value to us in the long run. However, there can be no assurance that our future financial results would not be materially and adversely affected if our strategic investments and acquisitions are not successful. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — Sustained investment in our businesses and our focus on long-term performance and maintaining the health of our ecosystem may negatively affect our margins and our net income” and “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — We face risks relating to our acquisitions, investments and alliances.”

We did not have significant strategic investment or acquisition (excluding equity transactions in subsidiaries) in fiscal year 2023 and the period through the date of this annual report.

Intangible Assets and Goodwill

When we make an acquisition, consideration that exceeds the acquisition date amounts of the acquired assets and liabilities is allocated to intangible assets and goodwill. We have and will continue to incur amortization expenses as we amortize intangible assets over their estimated useful life on a straight-line basis. We do not amortize goodwill. We test intangible assets and goodwill periodically or whenever necessary for impairment, and any impairment may materially and adversely affect our financial condition and results of operations. Some of our acquisitions and investments may not be successful, and we may incur impairment charges in the future. We recognized an impairment of goodwill of RMB25,141 million and RMB2,714 million (US$395 million) in fiscal year 2022 and 2023 respectively, in relation to Digital media and entertainment segment. For additional information, see “— Critical Accounting Policies and Estimates — Impairment Assessment on Goodwill and Intangible Assets” and “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — We face risks relating to our acquisitions, investments and alliances.”
Components of Results of Operations

Revenue

The following table sets forth the principal components of our revenue for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>% of</td>
<td>RMB</td>
<td>% of</td>
<td>RMB</td>
</tr>
<tr>
<td></td>
<td>(in millions, except percentages)</td>
<td>revenue</td>
<td>revenue</td>
<td>revenue</td>
<td>revenue</td>
</tr>
<tr>
<td>China commerce:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China commerce retail(^1)</td>
<td>487,057</td>
<td>68%</td>
<td>574,868</td>
<td>67%</td>
<td>565,332</td>
</tr>
<tr>
<td>China commerce wholesale</td>
<td>14,322</td>
<td>2%</td>
<td>16,712</td>
<td>2%</td>
<td>17,399</td>
</tr>
<tr>
<td>Total China commerce</td>
<td>501,379</td>
<td>70%</td>
<td>591,580</td>
<td>69%</td>
<td>582,731</td>
</tr>
<tr>
<td>International commerce:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International commerce retail</td>
<td>34,455</td>
<td>5%</td>
<td>42,668</td>
<td>5%</td>
<td>49,873</td>
</tr>
<tr>
<td>International commerce wholesale</td>
<td>14,396</td>
<td>2%</td>
<td>18,410</td>
<td>2%</td>
<td>19,331</td>
</tr>
<tr>
<td>Total International commerce</td>
<td>48,851</td>
<td>7%</td>
<td>61,078</td>
<td>7%</td>
<td>69,204</td>
</tr>
<tr>
<td>Local consumer services(^1)</td>
<td>35,746</td>
<td>5%</td>
<td>44,616</td>
<td>5%</td>
<td>50,112</td>
</tr>
<tr>
<td>Cainiao</td>
<td>37,258</td>
<td>5%</td>
<td>46,107</td>
<td>5%</td>
<td>55,681</td>
</tr>
<tr>
<td>Cloud</td>
<td>60,558</td>
<td>8%</td>
<td>74,568</td>
<td>9%</td>
<td>77,203</td>
</tr>
<tr>
<td>Digital media and entertainment</td>
<td>31,186</td>
<td>4%</td>
<td>32,272</td>
<td>4%</td>
<td>31,482</td>
</tr>
<tr>
<td>Innovation initiatives and others</td>
<td>2,311</td>
<td>1%</td>
<td>2,841</td>
<td>1%</td>
<td>2,274</td>
</tr>
<tr>
<td>Total</td>
<td>717,289</td>
<td>100%</td>
<td>853,062</td>
<td>100%</td>
<td>868,687</td>
</tr>
</tbody>
</table>

\(^1\) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

We generate most of our revenue from our China commerce segment. We also earn revenue from services associated with our International commerce segment, Local consumer services segment, Cainiao segment, Cloud segment, Digital media and entertainment segment as well as Innovation initiatives and others segment. A substantial majority of our revenue is attributable to our businesses in China. See “— Our Monetization Model” for additional information regarding our revenue.

Cost of Revenue

The principal components of our cost of revenue include: cost of inventories; logistics costs; expenses associated with the operation of our mobile platforms and websites, such as depreciation and maintenance expenses for our servers and computers, call centers and other equipment, as well as bandwidth and co-location fees; salaries, bonuses, benefits and share-based compensation expense relating to customer service, mobile platform and platform operation personnel as well as payment processing consultants; traffic acquisition costs paid to third-party marketing affiliates either at a fixed price or on a revenue-sharing basis; content acquisition costs paid to third parties and production costs of original content for our online media properties; payment processing fees paid to Alipay or other financial institutions; and other miscellaneous costs.

Product Development Expenses

Product development expenses primarily include salaries, bonuses, benefits and share-based compensation expense for research and development personnel and other expenses that are directly attributable to the development of new technologies and products for our businesses, such as the development of the Internet infrastructure, applications, operating systems, software, databases and networks.

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of online and offline advertising expenses, promotion expenses, salaries, bonuses, benefits and share-based compensation expense for our employees engaged in sales and marketing functions, and sales commissions paid for membership and user acquisition for our marketplaces and platforms.
General and Administrative Expenses

General and administrative expenses mainly consist of salaries, bonuses, benefits and share-based compensation expense for our management and administrative employees, office facilities and other support overhead costs, professional services fees, provision for doubtful debts on receivables, charitable contributions, as well as non-recurring items, such as a fine imposed pursuant to China’s Anti-monopoly Law (the “Anti-monopoly Fine”) in fiscal year 2021.

Interest and Investment Income, Net

Interest and investment income, net mainly consists of interest income, gain or loss on deemed disposals, disposals and revaluation of our long-term equity investments and impairment of equity investments. In fiscal year 2021, we recognized a gain of RMB6.4 billion arising from the revaluation of our previously held equity interest in Sun Art upon our consolidation in October 2020.

Interest Expense

Our interest expense is comprised of interest payments and amortization of upfront fees and incidental charges primarily associated with our US$8.0 billion unsecured senior notes issued in November 2014, of which US$5.05 billion was repaid in 2017, 2019 and 2021, the US$4.0 billion five-year term loan facility drawn down in fiscal year 2017 and extended in 2023, an aggregate of US$7.0 billion unsecured senior notes issued in December 2017, of which US$700 million was repaid in June 2023, as well as an aggregate of US$5.0 billion unsecured senior notes issued in February 2021. In addition, we have a US$6.5 billion revolving credit facility, which we have not yet drawn as of the date of this annual report.

Other Income, Net

Other income, net, primarily consists of input VAT super-credit, exchange gain or loss and government grants. Exchange gain or loss, arising from our operations and treasury management activities, recognized in our income statement is largely affected by exchange rate fluctuation among Renminbi, U.S. dollar and Turkish lira. Government grants primarily relate to grants by central and local governments in connection with our contributions to technology development and investments in local business districts. These grants may not be recurring in nature, and we recognize the income when the grants are received and no further conditions need to be met.

Income Tax Expenses

Our income tax expenses are comprised primarily of current tax expense, mainly attributable to certain profitable subsidiaries in China, and deferred tax expense, mainly including deferred tax recognized for temporary differences in relation to investments, share-based awards and withholding tax on dividends to be distributed by our PRC operating subsidiaries.

Taxation

Cayman Islands Tax

Under Cayman Islands law, our company is not subject to income, corporation or capital gains tax, and no withholding tax is imposed upon the payment of dividends.

Hong Kong Profits Tax

Our company’s subsidiaries incorporated in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% in fiscal years 2021, 2022 and 2023.

PRC Income Tax

Under the EIT Law, the standard enterprise income tax rate is 25%.

Entities qualifying as High and New Technology Enterprises enjoy a preferential tax rate of 15%. Entities recognized as Software Enterprises are exempt from the EIT for two years beginning from their first profitable calendar year and are entitled to a 50% reduction in EIT for the following three consecutive calendar years. Furthermore, entities recognized as Key Software Enterprises within the PRC national plan enjoy a preferential EIT rate of 10%.
Certain subsidiaries received the above preferential tax treatments during calendar years 2020, 2021, 2022 and 2023. Four of our subsidiaries in China, Alibaba (China) Technology Co., Ltd., Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., and Alibaba (China) Co., Ltd, which are our wholly-owned entities primarily involved in the operations of wholesale marketplaces, Taobao, Tmall, and technology, software research and development and relevant services, respectively, were recognized as Key Software Enterprises in calendar year of 2019 and they were subject to an EIT rate of 10%. Another one of our subsidiaries in China, Alibaba (Beijing) Software Services Co., Ltd., which is our wholly-owned entity primarily engaged in the operations of technology, software research and development and relevant services, was recognized as a Software Enterprise and was thereby entitled to an income tax exemption for two years beginning from its first profitable calendar year 2017, and a 50% reduction in the standard statutory rate for the subsequent three consecutive years starting from the calendar year 2019. In the calendar year 2019, Alibaba (Beijing) Software Services Co., Ltd. was recognized as a Key Software Enterprise and therefore an EIT rate of 10% was applicable.

Key Software Enterprise (KSE) status is subject to review by the relevant authorities every year and the timing of annual review and notification by the relevant authorities may vary from year to year. The related reduction in tax expense as a result of official notification confirming KSE status is accounted for upon receipt of such notification. For the calendar years of 2020, 2021 and 2022, Alibaba (China) Technology Co., Ltd., Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., and Alibaba (China) Co., Ltd. did not obtain the KSE status and therefore applied an EIT rate of 15% as High and New Technology Enterprises and Alibaba (Beijing) Software Services Co., Ltd. applied an EIT rate of 12.5% (50% reduction in the standard statutory rate) as a Software Enterprise for the calendar years of 2020 and 2021 and applied an EIT rate of 15% as High and New Technology Enterprise for the calendar year of 2022.

**VAT and Other Levies**

Our major PRC subsidiaries are subject to VAT on revenue earned for our services under a national VAT reform program. In general, the applicable VAT rate on the revenue earned for services is 6% with companies entitled to crediting VAT paid on certain purchases against VAT on sales. Revenue is recognized net of VAT in our consolidated income statement.

**PRC Withholding Tax**

Pursuant to the EIT Law, a 10% withholding tax is generally levied on dividends declared by companies in China to their non-resident enterprise investors. A lower withholding tax rate of 5% is applicable for direct foreign investors incorporated in Hong Kong with at least 25% equity interest in the PRC company and meeting the relevant conditions or requirements pursuant to the tax arrangement between Chinese mainland and Hong Kong S.A.R. As the equity holders of our PRC operating subsidiaries are qualified Hong Kong incorporated companies, our deferred tax liabilities for distributable earnings are calculated at a 5% withholding tax rate. As of March 31, 2023, we have accrued the withholding tax on substantially all of the earnings distributable by our subsidiaries in China, except for those being reserved for permanent reinvestment in China of RMB233.6 billion (US$34.0 billion).

**Share-based Compensation**

Our equity incentive plans provide the granting of share-based awards to eligible grantees. We believe share-based awards are vital to attract, incentivize and retain our employees and are the appropriate tool to align the interests of the grantees with those of our shareholders. See “Item 6. Directors, Senior Management and Employees — B. Compensation.”

In addition, Junhan and Ant Group have granted share-based awards to our employees, and the awards will be settled by Junhan or Ant Group respectively. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries — Our Commercial Arrangements with Ant Group and Alipay — Share-based Award Arrangements.”

We recognized share-based compensation expense of RMB50,120 million, RMB23,971 million and RMB30,831 million (US$4,489 million) in fiscal years 2021, 2022 and 2023, respectively, representing 7%, 3% and 4% of our revenue in those respective periods.

The following table sets forth an analysis of share-based compensation expense by function for the periods indicated:
Year ended March 31,

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>11,224</td>
<td>5,725</td>
<td>5,710</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>831</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>21,474</td>
<td>11,035</td>
<td>13,514</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,968</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>5,323</td>
<td>3,050</td>
<td>3,710</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>540</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>12,099</td>
<td>4,161</td>
<td>7,897</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,150</td>
</tr>
<tr>
<td>Total</td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4,489</td>
</tr>
</tbody>
</table>

The following table sets forth an analysis of share-based compensation expense by type of awards:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>831</td>
</tr>
<tr>
<td>Alibaba Group share-based awards(^{(1)})</td>
<td>29,317</td>
<td>30,576</td>
<td>24,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3,626</td>
</tr>
<tr>
<td>Ant Group share-based awards(^{(2)})</td>
<td>17,315</td>
<td>(11,585)</td>
<td>668</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>97</td>
</tr>
<tr>
<td>Others(^{(3)})</td>
<td>3,488</td>
<td>4,980</td>
<td>5,263</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>766</td>
</tr>
<tr>
<td>Total</td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4,489</td>
</tr>
</tbody>
</table>

\(^{(1)}\) This represents Alibaba Group share-based awards granted to our employees.

\(^{(2)}\) This represents Ant Group share-based awards granted to our employees, which is subject to mark-to-market accounting treatment.

\(^{(3)}\) This represents share-based awards of our subsidiaries.

Share-based compensation expense increased in fiscal year 2023 as compared to fiscal year 2022, primarily because the share-based compensation expense related to Ant Group share-based awards was a net reversal in fiscal year 2022 as a result of the recognition of a decrease in the value of such awards. The increase was partially offset by the decrease in the share-based compensation expense related to Alibaba Group share-based awards due to the general decrease in the average fair market value of the awards granted by Alibaba Group.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of the underlying awards and the quantity of awards we grant in the future. See “— Critical Accounting Policies and Estimates — Share-based Compensation Expense and Valuation of the Underlying Awards” below for additional information regarding our share-based compensation expense.
Results of Operations

The following tables set out our consolidated results of operations for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>US$ (in millions, except per share data)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China commerce</td>
<td>501,379</td>
<td>591,580</td>
<td>582,731</td>
<td>84,852</td>
</tr>
<tr>
<td>International commerce</td>
<td>48,851</td>
<td>61,078</td>
<td>69,204</td>
<td>10,077</td>
</tr>
<tr>
<td>Local consumer services</td>
<td>35,746</td>
<td>44,616</td>
<td>50,112</td>
<td>7,297</td>
</tr>
<tr>
<td>Cainiao</td>
<td>37,258</td>
<td>46,107</td>
<td>55,681</td>
<td>8,108</td>
</tr>
<tr>
<td>Cloud</td>
<td>60,558</td>
<td>74,568</td>
<td>77,203</td>
<td>11,242</td>
</tr>
<tr>
<td>Digital media and entertainment</td>
<td>31,186</td>
<td>32,272</td>
<td>31,482</td>
<td>4,584</td>
</tr>
<tr>
<td>Innovation initiatives and others</td>
<td>2,311</td>
<td>2,841</td>
<td>2,274</td>
<td>331</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>717,289</td>
<td>853,062</td>
<td>868,687</td>
<td>126,491</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(421,205)</td>
<td>(539,450)</td>
<td>(549,695)</td>
<td>(80,042)</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>(57,236)</td>
<td>(55,465)</td>
<td>(56,744)</td>
<td>(8,263)</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(81,519)</td>
<td>(119,799)</td>
<td>(103,496)</td>
<td>(15,070)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(55,224)</td>
<td>(31,922)</td>
<td>(42,183)</td>
<td>(6,142)</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>(12,427)</td>
<td>(11,647)</td>
<td>(13,504)</td>
<td>(1,967)</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>89,678</td>
<td>69,638</td>
<td>100,351</td>
<td>14,612</td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>72,794</td>
<td>(15,702)</td>
<td>(11,071)</td>
<td>(1,612)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(4,476)</td>
<td>(4,909)</td>
<td>(5,918)</td>
<td>(862)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>7,582</td>
<td>10,523</td>
<td>5,823</td>
<td>848</td>
</tr>
<tr>
<td><strong>Income before income tax and share of results of equity method investees</strong></td>
<td>165,578</td>
<td>59,550</td>
<td>89,185</td>
<td>12,986</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(29,278)</td>
<td>(26,815)</td>
<td>(15,549)</td>
<td>(2,264)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>6,884</td>
<td>14,344</td>
<td>(8,063)</td>
<td>(1,174)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>7,294</td>
<td>15,170</td>
<td>7,210</td>
<td>1,050</td>
</tr>
<tr>
<td><strong>Net income attributable to Alibaba Group Holding Limited</strong></td>
<td>150,578</td>
<td>62,249</td>
<td>72,783</td>
<td>10,598</td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>(270)</td>
<td>(290)</td>
<td>(274)</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Net income attributable to ordinary shareholders</strong></td>
<td>150,308</td>
<td>61,959</td>
<td>72,509</td>
<td>10,558</td>
</tr>
</tbody>
</table>

**Earnings per share attributable to ordinary shareholders:**

<table>
<thead>
<tr>
<th></th>
<th>2021 (US$)</th>
<th>2022 (US$)</th>
<th>2023 (US$)</th>
<th>2024 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic</strong></td>
<td>6.95</td>
<td>2.87</td>
<td>3.46</td>
<td>0.50</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td>6.84</td>
<td>2.84</td>
<td>3.43</td>
<td>0.50</td>
</tr>
</tbody>
</table>

**Earnings per ADS attributable to ordinary shareholders:**

<table>
<thead>
<tr>
<th></th>
<th>2021 (US$)</th>
<th>2022 (US$)</th>
<th>2023 (US$)</th>
<th>2024 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic</strong></td>
<td>55.63</td>
<td>22.99</td>
<td>27.65</td>
<td>4.03</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td>54.70</td>
<td>22.74</td>
<td>27.46</td>
<td>4.00</td>
</tr>
</tbody>
</table>

(1) Each ADS represents eight Shares.
The tables below set forth certain financial information of our operating segments for the periods indicated:

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>China commerce</td>
<td>70</td>
<td>69</td>
<td>67</td>
</tr>
<tr>
<td>International commerce</td>
<td>7</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Local consumer services</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Cainiao</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Cloud</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Digital media and entertainment</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Innovation initiatives and others</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(59)</td>
<td>(63)</td>
<td>(63)</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>(8)</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(11)</td>
<td>(14)</td>
<td>(12)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(8)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
</tr>
<tr>
<td>Income from operations</td>
<td>13</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>10</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>1</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Income before income tax and share of results of equity method investees</td>
<td>23</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(4)</td>
<td>(3)</td>
<td>(1)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>1</td>
<td>2</td>
<td>(1)</td>
</tr>
<tr>
<td>Net income</td>
<td>20</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>1</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>Net income attributable to Alibaba Group Holding Limited</td>
<td>21</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net income attributable to ordinary shareholders</td>
<td>21</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Segment Information for Fiscal Years 2021, 2022 and 2023
We use adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow, each a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes.

We believe that adjusted EBITDA, adjusted EBITA, non-GAAP net income and non-GAAP diluted earnings per share/ADS help identify underlying trends in our business that could otherwise be distorted by the effect of certain income or expenses that we include in income from operations, net income and diluted earnings per share/ADS. We believe that these non-GAAP measures provide useful information about our core operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making. We present three different income measures, namely adjusted EBITDA, adjusted EBITA and non-GAAP net income in order to provide more information and greater transparency to investors about our operating results.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic corporate transactions, including investing in our new business initiatives, making strategic investments and acquisitions and strengthening our balance sheet.

Adjusted EBITDA, adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow should not be considered in isolation or construed as an alternative to income from operations, net income, diluted earnings per share/ADS, cash flows or any other measure of performance or as an indicator of our operating performance. These non-GAAP financial measures presented here do not have standardized meanings prescribed by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.
Adjusted EBITDA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets, depreciation and impairment of property and equipment, operating lease cost relating to land use rights, and impairment of goodwill, and (iii) Anti-monopoly Fine, as well as equity-settled donation expense, which we do not believe are reflective of our core operating performance during the periods presented.

Adjusted EBITA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets and impairment of goodwill, and (iii) Anti-monopoly Fine, as well as equity-settled donation expense, which we do not believe are reflective of our core operating performance during the periods presented.

Non-GAAP net income represents net income before share-based compensation expense, amortization and impairment of intangible assets, impairment of goodwill and investments, gain or loss on deemed disposals/disposals/revaluation of investments, Anti-monopoly Fine, as well as equity-settled donation expense, and others, as adjusted for the tax effects.

Non-GAAP diluted earnings per share represents non-GAAP net income attributable to ordinary shareholders divided by the weighted average number of shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS represents non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

Free cash flow represents net cash provided by operating activities as presented in our consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campuses) and intangible assets (excluding those acquired through acquisitions), as well as adjustments to exclude from net cash provided by operating activities the buyer protection fund deposits from merchants on our marketplaces. We deduct certain items of cash flows from investing activities in order to provide greater transparency into cash flow from our revenue-generating business operations. We exclude “acquisition of land use rights and construction in progress relating to office campuses” because the office campuses are used by us for corporate and administrative purposes and are not directly related to our revenue-generating business operations. We also exclude buyer protection fund deposits from merchants on our marketplaces because these deposits are restricted for the purpose of compensating buyers for claims against merchants.

The following table sets forth a reconciliation of our net income to adjusted EBITA and adjusted EBITDA for the periods indicated:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to adjusted EBITA and adjusted EBITDA:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>(72,794)</td>
<td>15,702</td>
<td>11,071</td>
<td>1,612</td>
</tr>
<tr>
<td>Interest expense</td>
<td>4,476</td>
<td>4,909</td>
<td>5,918</td>
<td>862</td>
</tr>
<tr>
<td>Other income, net</td>
<td>(7,582)</td>
<td>(10,523)</td>
<td>(5,823)</td>
<td>(848)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>29,278</td>
<td>26,815</td>
<td>15,549</td>
<td>2,264</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>(6,984)</td>
<td>(14,344)</td>
<td>8,063</td>
<td>1,174</td>
</tr>
<tr>
<td>Income from operations</td>
<td>89,678</td>
<td>69,638</td>
<td>100,351</td>
<td>14,612</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
<td>4,489</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>12,427</td>
<td>11,647</td>
<td>13,504</td>
<td>1,967</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>25,141</td>
<td>2,714</td>
<td>395</td>
</tr>
<tr>
<td>Equity-settled donation expense</td>
<td>—</td>
<td>—</td>
<td>511</td>
<td>75</td>
</tr>
<tr>
<td>Anti-monopoly Fine(1)</td>
<td>18,228</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>170,453</td>
<td>130,397</td>
<td>147,911</td>
<td>21,538</td>
</tr>
<tr>
<td>Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights</td>
<td>26,389</td>
<td>27,808</td>
<td>27,799</td>
<td>4,047</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>196,842</td>
<td>158,205</td>
<td>175,710</td>
<td>25,585</td>
</tr>
</tbody>
</table>

(1) For a description of the relevant PRC Anti-monopoly investigation and administrative penalty decision, see “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings — PRC Anti-monopoly Investigation and Administrative Penalty Decision.”

The following table sets forth a reconciliation of our net income to non-GAAP net income for the periods indicated:
Year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile net income to non-GAAP net income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
<td>4,489</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>12,427</td>
<td>11,647</td>
<td>13,504</td>
<td>1,967</td>
</tr>
<tr>
<td>Impairment of goodwill and investments</td>
<td>14,737</td>
<td>40,264</td>
<td>24,351</td>
<td>3,546</td>
</tr>
<tr>
<td>(Gain) Loss on deemed disposals/disposals/revaluation of investments and others</td>
<td>(66,305)</td>
<td>21,671</td>
<td>13,857</td>
<td>2,017</td>
</tr>
<tr>
<td>Equity-settled donation expense</td>
<td>—</td>
<td>—</td>
<td>511</td>
<td>75</td>
</tr>
<tr>
<td>Anti-monopoly Fine(1)</td>
<td>18,228</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Tax effects(2)</td>
<td>(506)</td>
<td>(8,244)</td>
<td>(7,248)</td>
<td>(1,056)</td>
</tr>
<tr>
<td><strong>Non-GAAP net income</strong></td>
<td>171,985</td>
<td>136,388</td>
<td>141,379</td>
<td>20,586</td>
</tr>
</tbody>
</table>

(1) For a description of the relevant PRC Anti-monopoly investigation and administrative penalty decision, see “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings — PRC Anti-monopoly Investigation and Administrative Penalty Decision.”

(2) Tax effects primarily comprises tax effects relating to share-based compensation expense, amortization and impairment of intangible assets and certain gains and losses from investments, and others.

The following table sets forth a reconciliation of our diluted earnings per share/ADS to non-GAAP diluted earnings per share/ADS for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income attributable to ordinary shareholders - basic</strong></td>
<td>150,308</td>
<td>61,959</td>
<td>72,509</td>
<td>10,558</td>
</tr>
<tr>
<td>Dilution effect on earnings arising from share-based awards operated by equity method investees and subsidiaries</td>
<td>(55)</td>
<td>(37)</td>
<td>(38)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Net income attributable to ordinary shareholders - diluted</strong></td>
<td>150,253</td>
<td>61,922</td>
<td>72,471</td>
<td>10,553</td>
</tr>
<tr>
<td>Non-GAAP adjustments to net income attributable to ordinary shareholders(1)</td>
<td>28,701</td>
<td>81,593</td>
<td>71,520</td>
<td>10,414</td>
</tr>
<tr>
<td><strong>Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS</strong></td>
<td>178,954</td>
<td>143,515</td>
<td>143,991</td>
<td>20,967</td>
</tr>
<tr>
<td>Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares)(4)</td>
<td>21,982</td>
<td>21,787</td>
<td>21,114</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share(2)(4)</td>
<td>6.84</td>
<td>2.84</td>
<td>3.43</td>
<td>0.50</td>
</tr>
<tr>
<td>Non-GAAP diluted earnings per share(3)(4)</td>
<td>8.14</td>
<td>6.59</td>
<td>6.82</td>
<td>0.99</td>
</tr>
<tr>
<td>Diluted earnings per ADS(2)(4)</td>
<td>54.70</td>
<td>22.74</td>
<td>27.46</td>
<td>4.00</td>
</tr>
<tr>
<td>Non-GAAP diluted earnings per ADS(3)(4)</td>
<td>65.15</td>
<td>52.69</td>
<td>54.56</td>
<td>7.94</td>
</tr>
</tbody>
</table>

(1) See the table above regarding the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.

(2) Diluted earnings per share is derived from dividing net income attributable to ordinary shareholders by the weighted average number of shares, on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

(3) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by the weighted average number of outstanding shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

(4) Each ADS represents eight Shares.
The following table sets forth a reconciliation of net cash provided by operating activities to free cash flow for the periods indicated:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021 RMB (in millions)</th>
<th>2022 RMB</th>
<th>2023 RMB</th>
<th>US$ (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>231,786</td>
<td>142,759</td>
<td>199,752</td>
<td>29,086</td>
</tr>
<tr>
<td>Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)</td>
<td>(36,160)</td>
<td>(42,028)</td>
<td>(30,373)</td>
<td>(4,423)</td>
</tr>
<tr>
<td>Less: Purchase of intangible assets (excluding those acquired through acquisitions)</td>
<td>(1,735)</td>
<td>(15)</td>
<td>(22)</td>
<td>(3)</td>
</tr>
<tr>
<td>Less: Changes in the buyer protection fund deposits</td>
<td>(21,229)</td>
<td>(1,842)</td>
<td>2,306</td>
<td>336</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>172,662</td>
<td>98,874</td>
<td>171,663</td>
<td>24,996</td>
</tr>
</tbody>
</table>

Comparison of Fiscal Years 2022 and 2023

Revenue

### Comparison of Revenue for Fiscal Years 2022 and 2023

<table>
<thead>
<tr>
<th>Segment Revenue</th>
<th>2022 RMB (in millions, except percentages)</th>
<th>2023 RMB</th>
<th>US$ (in millions)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China commerce(1)</td>
<td>591,580</td>
<td>582,731</td>
<td>84,852</td>
<td>(1)%</td>
</tr>
<tr>
<td>International commerce</td>
<td>61,078</td>
<td>69,204</td>
<td>10,077</td>
<td>13%</td>
</tr>
<tr>
<td>Local consumer services(1)</td>
<td>44,616</td>
<td>50,112</td>
<td>7,297</td>
<td>12%</td>
</tr>
<tr>
<td>Cainiao</td>
<td>46,107</td>
<td>55,681</td>
<td>8,108</td>
<td>21%</td>
</tr>
<tr>
<td>Cloud</td>
<td>74,568</td>
<td>77,203</td>
<td>11,242</td>
<td>4%</td>
</tr>
<tr>
<td>Digital media and entertainment</td>
<td>32,272</td>
<td>31,482</td>
<td>4,584</td>
<td>(2)%</td>
</tr>
<tr>
<td>Innovation initiatives and others</td>
<td>2,841</td>
<td>2,274</td>
<td>331</td>
<td>(20)%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>853,062</td>
<td>868,687</td>
<td>126,491</td>
<td>2%</td>
</tr>
</tbody>
</table>

(1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

Total revenue increased by 2% from RMB853,062 million in fiscal year 2022 to RMB868,687 million (US$126,491 million) in fiscal year 2023.

### China Commerce

(i) Segment revenue

- China Commerce Retail Business

Revenue from our China commerce retail business in fiscal year 2023 was RMB565,332 million (US$82,319 million), decreased by 2% compared to RMB574,868 million in fiscal year 2022. Customer management revenue decreased by 8% year-over-year, primarily due to mid-single-digit decline of online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders year-over-year, which was mainly due to soft consumption demand and ongoing competition as well as supply chain and logistics disruptions due to COVID-19.

Direct sales and others revenue under China commerce retail business in fiscal year 2023 was RMB274,954 million (US$40,037 million), increased by 6% compared to RMB259,830 million in fiscal year 2022, primarily due to the revenue growth contributed by our Freshippo and Alibaba Health’s direct sales businesses.
China Commerce Wholesale Business

Revenue from our China commerce wholesale business in fiscal year 2023 was RMB17,399 million (US$2,533 million), increased by 4% compared to RMB16,712 million in fiscal year 2022. The increase was primarily due to the increase in revenue from value-added services to paying members.

(ii) Segment adjusted EBITA

China commerce adjusted EBITA increased by 1% to RMB184,862 million (US$26,918 million) in fiscal year 2023, compared to RMB182,431 million in fiscal year 2022. The increase was primarily due to reduced losses of Taobao Deals, Freshippo and Taocaicai, partly offset by a decrease in profit from customer management services. Adjusted EBITA margin increased from 31% in fiscal year 2022 to 32% in fiscal year 2023. During fiscal year 2023, Taobao Deals significantly narrowed losses year-over-year, driven by optimized spending in user acquisition. Freshippo significantly narrowed losses year-over-year, as Freshippo continued to strengthen its merchandising capabilities and improve its operating efficiency. Taocaicai significantly narrowed losses year-over-year, driven by improving overall operating efficiency.

International Commerce

(i) Segment revenue

• International Commerce Retail Business

Revenue from our International commerce retail business in fiscal year 2023 was RMB49,873 million (US$7,262 million), increased by 17% compared to RMB42,668 million in fiscal year 2022. The increase was mainly attributable to the growth in revenue generated by Trendyol and Lazada. The increase in revenue from Trendyol resulted from more efficient use of subsidies and robust year-over-year order growth. Increase in revenue contributed by Lazada was the result of continuous improvement in monetization rate by offering more value-added services.

• International Commerce Wholesale Business

Revenue from our International commerce wholesale business in fiscal year 2023 was RMB19,331 million (US$2,815 million), increased by 5% compared to RMB18,410 million in fiscal year 2022. The increase was primarily due to increases in revenue generated by cross-border related value-added services.

(ii) Segment adjusted EBITA

International commerce adjusted EBITA was a loss of RMB5,620 million (US$818 million) in fiscal year 2023, compared to a loss of RMB8,991 million in fiscal year 2022. The decrease in loss year-over-year was primarily due to the reduced losses from Trendyol and Lazada. The reduced loss from Trendyol resulted from more efficient use of subsidies and robust year-over-year order growth. Increase in revenue contributed by Lazada was the result of continuous improvement in monetization rate by offering more value-added services as well as enhanced operating efficiency.

Local Consumer Services

(i) Segment revenue

Revenue from Local consumer services was RMB50,112 million (US$7,297 million) in fiscal year 2023, increased by 12% compared to RMB44,616 million in fiscal year 2022, primarily driven by higher average order value of Ele.me and strong order growth of Amap.

(ii) Segment adjusted EBITA

Local consumer services adjusted EBITA was a loss of RMB14,021 million (US$2,041 million) in fiscal year 2023, compared to a loss of RMB22,092 million in fiscal year 2022, primarily due to the continued narrowing of loss from our “To-Home” business. Narrowing of loss from our “To-Home” business was driven by Ele.me’s improved unit economics per order, which was due to increased average order value and reduced delivery cost per order year-over-year.

Cainiao

135
(i) **Segment revenue**

Revenue from Cainiao, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after inter-segment elimination, was RMB55,681 million (US$8,108 million) in fiscal year 2023, increased by 21% compared to RMB46,107 million in fiscal year 2022, primarily contributed by the increase in revenue from domestic consumer logistics services as a result of service model upgrade since late 2021 whereby Cainiao took on more responsibilities throughout the logistics process to better serve customers and enhance customer experience, as well as the increase in revenue from international fulfillment solution services.

Total revenue generated by Cainiao, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB77,512 million (US$11,287 million), increased by 16% compared to RMB66,808 million in fiscal year 2022. In fiscal year 2023, 72% of Cainiao’s total revenue was generated from external customers.

(ii) **Segment adjusted EBITA**

Cainiao adjusted EBITA was a loss of RMB391 million (US$57 million) in fiscal year 2023, compared to a loss of RMB1,465 million in fiscal year 2022, mainly due to improved operating results from International fulfillment solution service and improved operating efficiency in consumer logistics services and domestic fulfillment solution services.

**Cloud**

(i) **Segment revenue**

Revenue from our Cloud segment, after inter-segment elimination, was RMB77,203 million (US$11,242 million) in fiscal year 2023, increased by 4% year-over-year compared to RMB74,568 million in fiscal year 2022. Year-over-year revenue growth of our Cloud segment reflected the revenue growth from non-Internet industries driven by solid growth of revenue from financial services, automobile industries and retail industries, which was partially offset by the decline in revenue from customers in the Internet industry mainly driven by declining revenue from a top customer in the Internet industry phasing out using our overseas cloud services for its international business due to non-product related reasons.

Total revenue from our Cloud business, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB101,950 million (US$14,845 million), increased by 2% compared to RMB100,180 million in fiscal year 2022.

(ii) **Segment adjusted EBITA**

Cloud adjusted EBITA was RMB1,422 million (US$207 million) in fiscal year 2023, compared to RMB1,146 million in fiscal year 2022.

**Digital Media and Entertainment**

(i) **Segment revenue**

Revenue from our Digital media and entertainment segment in fiscal year 2023 was RMB31,482 million (US$4,584 million), decreased by 2%, compared to RMB32,272 million in fiscal year 2022.

(ii) **Segment adjusted EBITA**

Digital media and entertainment adjusted EBITA in fiscal year 2023 was a loss of RMB1,874 million (US$273 million), compared to a loss of RMB4,690 million in fiscal year 2022, primarily due to the narrowing of loss from Youku driven by disciplined investment in content and production capability.
Innovation Initiatives and Others

(i) Segment revenue

Revenue from Innovation initiatives and others was RMB2,274 million (US$331 million) in fiscal year 2023, decreased by 20% compared to RMB2,841 million in fiscal year 2022.

(ii) Segment adjusted EBITA

Innovation initiatives and others adjusted EBITA in fiscal year 2023 was a loss of RMB6,907 million (US$1,006 million), compared to a loss of RMB7,129 million in fiscal year 2022.

Cost of Revenue

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 RMB</td>
<td>2023 RMB</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>539,450</td>
<td>549,695</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>63%</td>
<td>63%</td>
</tr>
<tr>
<td>Share-based compensa</td>
<td>5,725</td>
<td>5,710</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Cost of revenue excl</td>
<td>533,725</td>
<td>543,985</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>62%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Our cost of revenue increased by 2% from RMB539,450 million in fiscal year 2022 to RMB549,695 million (US$80,042 million) in fiscal year 2023. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have remained stable at 62% in fiscal year 2023 compared to fiscal year 2022.

Product Development Expenses

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 RMB</td>
<td>2023 RMB</td>
</tr>
<tr>
<td>Product development expense</td>
<td>55,465</td>
<td>56,744</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Share-based compensa</td>
<td>11,035</td>
<td>13,514</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Product development expenses excluding share-based compensation expense</td>
<td>44,430</td>
<td>43,230</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Our product development expenses increased by 2% from RMB55,465 million in fiscal year 2022 to RMB56,744 million (US$8,263 million) in fiscal year 2023. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have decreased from 6% in fiscal year 2022 to 5% in fiscal year 2023.
Sales and Marketing Expenses

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>119,799</td>
<td>103,496</td>
<td>15,070</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>14%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense included in sales and marketing expenses</td>
<td>3,050</td>
<td>3,710</td>
<td>540</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing expenses excluding share-based compensation expense</td>
<td>116,749</td>
<td>99,786</td>
<td>14,530</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>14%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

Our sales and marketing expenses decreased by 14% from RMB119,799 million in fiscal year 2022 to RMB103,496 million (US$15,070 million) in fiscal year 2023. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have decreased from 14% in fiscal year 2022 to 12% in fiscal year 2023.

General and Administrative Expenses

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>31,922</td>
<td>42,183</td>
<td>6,142</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>4%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense included in general and administrative expenses</td>
<td>4,161</td>
<td>7,897</td>
<td>1,150</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses excluding share-based compensation expense</td>
<td>27,761</td>
<td>34,286</td>
<td>4,992</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>3%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

Our general and administrative expenses increased by 32% from RMB31,922 million in fiscal year 2022 to RMB42,183 million (US$6,142 million) in fiscal year 2023. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have increased from 3% in fiscal year 2022 to 4% in fiscal year 2023.

Amortization and impairment of intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>11,647</td>
<td>13,504</td>
<td>1,967</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

Amortization and impairment of intangible assets increased by 16% from RMB11,647 million in fiscal year 2022 to RMB13,504 million (US$1,967 million) in fiscal year 2023.

Impairment of goodwill

Impairment of goodwill in fiscal year 2023 was RMB2,714 million (US$395 million), decreased by 89% or RMB22,427 million from RMB25,141 million in fiscal year 2022. Impairment recorded in both years represents the amount by which the carrying value of certain reporting units within Digital media and entertainment segment exceeds their fair value, based on an annual goodwill impairment assessment.
### Income from Operations and Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>69,638</td>
<td>100,351</td>
<td>44%</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>8%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense included in income from operations</td>
<td>23,971</td>
<td>30,831</td>
<td>29%</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>3%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Income from operations excluding share-based compensation expense</td>
<td>93,609</td>
<td>131,182</td>
<td>40%</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>11%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

Our income from operations increased by 44% from RMB69,638 million, or 8% of revenue, in fiscal year 2022 to RMB100,351 million (US$14,612 million), or 12% of revenue, in fiscal year 2023. During fiscal year 2023, we recorded a RMB2,714 million (US$395 million) impairment of goodwill in relation to the Digital media and entertainment segment, and a RMB2,811 million (US$409 million) impairment of intangible assets. During fiscal year 2022, we recorded a RMB25,141 million impairment of goodwill in relation to the Digital media and entertainment segment and a RMB13,046 million reversal of share-based compensation expense related to the mark-to-market adjustment of Ant Group share-based awards granted to our employees.

All of these impacts were excluded from our non-GAAP measures of profitability. Excluding these impacts, income from operations would have increased by RMB24,143 million year-over-year, from RMB81,733 million in fiscal year 2022 to RMB105,876 million (US$15,417 million) in fiscal year 2023, primarily due to the narrowed adjusted EBITA losses of Local consumer services, International commerce and Digital media and entertainment, as well as an increase in China commerce adjusted EBITA.

### Interest and Investment Income, Net

Interest and investment income, net in fiscal year 2023 was a loss of RMB11,071 million (US$1,612 million), compared to a loss of RMB15,702 million in fiscal year 2022. The year-over-year decrease in loss was primarily due to the decrease in net losses arising from the changes in fair value of our equity investments.

### Other Income, Net

Other income, net in fiscal year 2023 was RMB5,823 million (US$848 million), compared to RMB10,523 million in fiscal year 2022. The year-over-year decrease was primarily due to the net exchange losses in fiscal year 2023, compared to net exchange gains in fiscal year 2022.

### Income Tax Expenses

Income tax expenses in fiscal year 2023 were RMB15,549 million (US$2,264 million), compared to RMB26,815 million in fiscal year 2022. Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of goodwill and investments, as well as the deferred tax effects on basis differences arising from equity method investees, our effective tax rate would have been 17% in fiscal year 2023.

### Share of Results of Equity Method Investees

Share of results of equity method investees in fiscal year 2023 was a loss of RMB8,063 million (US$1,174 million), compared to a profit of RMB14,344 million in fiscal year 2022.
Share of results of equity method investees in fiscal years 2022 and 2023 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>Share of results of Ant Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profit (loss) of equity method investees:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ant Group</td>
<td>24,084</td>
<td>10,294</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(6,201)</td>
<td>(8,310)</td>
</tr>
<tr>
<td>Others</td>
<td>(3,450)</td>
<td>(4,566)</td>
</tr>
<tr>
<td>Total</td>
<td>14,344</td>
<td>(8,063)</td>
</tr>
</tbody>
</table>

(1) “Others” mainly include basis differences arising from equity method investees, share-based compensation expense related to share-based awards granted to employees of our equity method investees, as well as gain or loss arising from the deemed disposal of the equity method investees.

We record our share of results of all equity method investees one quarter in arrears. In connection with our share of profit of Ant Group, the year-over-year decrease was mainly due to decrease in net investment gains from the investments held by Ant Group and decrease in Ant Group's operating profit. The decrease in share of results of other equity method investees was mainly due to the general decline in financial performance of our equity method investees.

**Net Income**

Our net income in fiscal year 2023 was RMB65,573 million (US$9,548 million), increased by 39% or RMB18,494 million compared to RMB47,079 million in fiscal year 2022. The year-over-year increase was primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments.

**Comparison of Fiscal Years 2021 and 2022**

For a discussion of our results of operations for the fiscal year ended March 31, 2021 compared with the fiscal year ended March 31, 2022, see “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Comparison of Fiscal Years 2021 and 2022” of our annual report on Form 20-F for the fiscal year ended March 31, 2022, filed with the SEC on July 26, 2022.

**B. Liquidity and Capital Resources**

We fund our operations and strategic investments from cash generated from our operations and through debt and equity financing. We generated RMB231,786 million, RMB142,759 million and RMB199,752 million (US$29,086 million) of cash from operating activities for fiscal years 2021, 2022 and 2023, respectively. As of March 31, 2023, we had cash and cash equivalents, short-term investments and other treasury investments of RMB193,086 million (US$28,115 million), RMB326,492 million (US$47,541 million) and RMB40,736 million (US$5,932 million), respectively. Short-term investments include investments in fixed deposits with original maturities between three months and one year and certain investments in wealth management products, marketable debt securities and other investments whereby we have the intention to redeem within one year. Other treasury investments include investments in fixed deposits and certificates of deposits with original maturities over one year for treasury purposes.

In November 2014, we issued unsecured senior notes, including floating rate and fixed rate notes, with varying maturities for an aggregate principal amount of US$8.0 billion. Interest on the unsecured senior notes is payable in arrears, quarterly for the floating rate notes and semi-annually for the fixed rate notes. We used the proceeds from the issuance of the unsecured senior notes to refinance our previous syndicated loan arrangements in the same amount. In November 2017, November 2019 and November 2021, we repaid US$5.05 billion of our US$8.0 billion unsecured senior notes that became due. We are not subject to any financial covenant or other significant operating covenants under the unsecured senior notes. See note 21 to our audited consolidated financial statements included in this annual report for further information on unsecured senior notes.

In March 2016, we signed a five-year US$3.0 billion syndicated loan agreement with a group of eight lead arrangers, which we subsequently drew down in April 2016. The loan was upsized from US$3.0 billion to US$4.0 billion in May 2016 through a general syndication and the upsized portion was subsequently drawn down in August 2016. The loan had a five-year bullet maturity and was priced at 110 basis points over LIBOR. In May 2019, we amended the pricing of the loan to 85 basis points over LIBOR and extended the maturity to May 2024. We further amended the pricing of the loan to 80 basis points over SOFR with a credit adjustment spread in
May 2023 and extended the maturity to May 2028 in July 2023. The use of proceeds of the loan is for general corporate and working capital purposes (including funding our acquisitions).

In April 2017, we entered into a revolving credit facility agreement with certain financial institutions for an amount of US$5.15 billion, which we did not draw down during the availability period. The interest rate for this credit facility was calculated based on LIBOR plus 95 basis points. This loan facility is reserved for future general corporate and working capital purposes (including funding our acquisitions). In June 2021, the terms of this facility were amended and the amount of the credit facility was increased to US$6.5 billion. The expiration date of the credit facility was extended to June 2026. Under the terms of the amended facility, the interest rate on any outstanding utilized amount was calculated based on LIBOR plus 80 basis points. In May 2023, we amended the pricing of the outstanding utilized amount to SOFR with a credit adjustment spread plus 80 basis points. We have not yet drawn down this facility.

In December 2017, we issued an additional aggregate of US$7.0 billion unsecured senior notes. In June 2023, we repaid US$0.7 billion of our US$7.0 billion unsecured senior notes that became due. We are not subject to any financial covenant or other significant operating covenants under the unsecured senior notes. See note 21 to our audited consolidated financial statements included in this annual report for further information on unsecured senior notes.

In February 2021, we issued unsecured fixed rate senior notes with varying maturities for an aggregate principal amount of US$5.0 billion. Interest on the unsecured senior notes is payable semi-annually. Except for the sustainability notes we set aside for an aggregate principal amount of US$1.0 billion, we have used the proceeds from the issuance of the remaining unsecured senior notes for general corporate purposes, including working capital needs, repayment of offshore debt and potential acquisitions or investments in complementary businesses. We have used the net proceeds from the issuance of the sustainability notes to finance or refinance, in whole or in part, one or more of our new or existing eligible projects in accordance with our sustainable finance framework as described in the final prospectus supplement relating to the offering. Examples of eligible projects include those in the sectors of green buildings, energy efficiency, COVID-19 crisis response, renewable energy and circular economy and design. See note 21 to our audited consolidated financial statements included in this annual report for further information on unsecured senior notes.

As of March 31, 2023, we also had other bank borrowings of RMB32,096 million (US$4,674 million), primarily used for our capital expenditures in relation to the construction of corporate campuses, office facilities and infrastructure for logistics business, and for other working capital purposes. See note 20 to our audited consolidated financial statements included in this annual report for further information.

We believe that our current levels of cash and cash flows from operations will be sufficient to meet our anticipated cash needs for at least the next twelve months. However, we may need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions, which may include investing in technology, infrastructure, including data management and analytics solutions, or related talent. If we determine that our cash requirements exceed our amounts of cash on hand or if we decide to further optimize our capital structure, we may seek to issue additional debt or equity securities or obtain credit facilities or other sources of funding.

The following table sets out a summary of our cash flows for the periods indicated:

<table>
<thead>
<tr>
<th>Net cash provided by operating activities</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>(in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>231,786</td>
<td>142,759</td>
<td>199,752</td>
<td>29,086</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(244,194)</td>
<td>198,592</td>
<td>(135,506)</td>
<td>(19,731)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>30,082</td>
<td>(64,449)</td>
<td>(65,619)</td>
<td>(9,555)</td>
</tr>
</tbody>
</table>

**Cash Flows from Operating Activities**

Net cash provided by operating activities in fiscal year 2023 was RMB199,752 million (US$29,086 million), and primarily consisted of net income of RMB65,573 million (US$9,548 million), as adjusted for non-cash items and the effects of changes in working capital and other activities. Adjustments for non-cash items primarily included share-based compensation expense of RMB30,831 million (US$4,489 million), depreciation and impairment of property and equipment, and operating lease cost relating to land use rights of RMB27,799 million (US$4,047 million), amortization of intangible assets and licensed copyrights of RMB19,139 million (US$2,787 million) and loss related to equity securities and other investments of RMB14,911 million (US$2,171 million). Changes in working capital and other activities mainly consisted of an increase of RMB11,159 million (US$1,625 million) in accrued expenses, accounts payable and other liabilities and a decrease of RMB8,605 million (US$1,253 million) in prepayments, receivables and other assets, and long-term licensed copyrights.
Net cash provided by operating activities in fiscal year 2022 was RMB142,759 million, and primarily consisted of net income of RMB47,079 million, as adjusted for non-cash items and the effects of changes in working capital and other activities. Adjustments for non-cash items primarily included depreciation and impairment of property and equipment, and operating lease cost relating to land use rights of RMB27,808 million, impairment of goodwill, intangible assets and licensed copyrights of RMB25,886 million, share-based compensation expense of RMB23,971 million and loss related to equity securities and other investments of RMB20,479 million. Changes in working capital and other activities mainly consisted of an increase of RMB32,496 million in prepayments, receivables and other assets, and long-term licensed copyrights, partially offset by an increase of RMB13,327 million in accrued expenses, accounts payable and other liabilities.

Please also see our consolidated statements of cash flows set forth in our audited consolidated financial statements included in this annual report.

**Cash Flows from Investing Activities**

Net cash used in investing activities in fiscal year 2023 was RMB135,506 million (US$19,731 million), and was primarily attributable to an increase in short-term investments by RMB61,086 million (US$8,895 million), an increase in other treasury investments by RMB40,794 million (US$5,940 million), capital expenditures of RMB34,330 million (US$4,999 million) primarily in connection with the acquisitions of land use rights, property and equipment, and cash outflow of RMB23,574 million (US$3,433 million) for investment and acquisition activities, partially offset by cash inflow of RMB22,734 million (US$3,310 million) from disposal of investments.

Net cash used in investing activities in fiscal year 2022 was RMB198,592 million, and was primarily attributable to an increase in short-term investments by RMB106,984 million, capital expenditures of RMB53,309 million primarily in connection with the acquisitions of land use rights, property and equipment, and cash outflow of RMB52,848 million for investment and acquisition activities, partially offset by cash inflow of RMB15,468 million from disposal of investments.

**Cash Flows from Financing Activities**

Net cash used in financing activities in fiscal year 2023 was RMB65,619 million (US$9,555 million) and was primarily reflected cash used in repurchase of ordinary shares of RMB74,746 million (US$10,884 million), partially offset by the net proceeds from bank borrowings and other borrowings of RMB11,342 million (US$1,652 million).

Net cash used in financing activities in fiscal year 2022 was RMB64,449 million and was primarily reflected cash used in repurchase of ordinary shares of RMB61,225 million and repayment of unsecured senior note of US$1,500 million, partially offset by the net cash inflow from transactions with noncontrolling interests of RMB3,953 million.

**Capital Expenditures**

Our capital expenditures have been incurred primarily in relation to (i) the acquisition of computer equipment and construction of data centers relating to our Cloud business and the operation of our mobile platforms and websites; (ii) the acquisition of infrastructure for logistics services and direct sales businesses; and (iii) the acquisition of land use rights and construction of corporate campuses and office facilities. In fiscal years 2021, 2022 and 2023, our capital expenditures totaled RMB41,450 million, RMB53,309 million and RMB34,330 million (US$4,999 million), respectively.

**Holding Company Structure**

We are a holding company with no operation other than ownership of operating subsidiaries in Chinese mainland, Hong Kong S.A.R., and elsewhere that own and operate our marketplaces and other businesses as well as a portfolio of intellectual property rights. As a result, we rely on dividends and other distributions paid by our operating subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distribution to our shareholders, fund inter-company loans, service outstanding debts and pay our expenses. If our operating subsidiaries incur additional debt on their own, the instruments governing the debt may restrict the ability of our operating subsidiaries to pay dividends or make other distributions or remittances, including loans, to us.

Our holding company structure differs from some of our peers in that, although the variable interest entities hold licenses and approvals and assets for regulated activities that are necessary for our business operations, as well as certain equity interests in businesses, to which foreign investments are typically restricted or prohibited under applicable PRC law, we hold the significant majority of assets and operations in our subsidiaries and the significant majority of our revenue is captured directly by our subsidiaries. Therefore, our subsidiaries directly capture the significant majority of profits and associated cash flow from operations,
without having to rely on contractual arrangements to transfer cash flow from the variable interest entities to our subsidiaries. In fiscal years 2021, 2022 and 2023, the significant majority of our revenues were generated by our subsidiaries. See “Item 4. Information on the Company — C. Organizational Structure” for a description of these contractual arrangements and the structure of our company. Also see “Item 3. Key Information — The VIE Structure Adopted by Our Company — Variable Interest Entity Financial Information” for further financial information of Alibaba Group Holding Limited, the major variable interest entities and their subsidiaries, our subsidiaries that are, for accounting purposes only, the primary beneficiaries of the major variable interest entities, and other subsidiaries and consolidated entities.

Investors in our securities, including our ADSs, Shares and notes, should note that, to the extent cash or assets in our business is in the PRC or a PRC entity, the funds or assets may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries, or the VIEs by the PRC government to transfer cash or assets. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Applicable PRC law permits payment of dividends to us by our operating subsidiaries in China only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Our operating subsidiaries in China are also required to set aside a portion of their net income, if any, each year to fund general reserves for appropriations until this reserve has reached 50% of the related subsidiary’s registered capital. These reserves are not distributable as cash dividends. In addition, registered share capital and capital reserve accounts are also restricted from distribution. As of March 31, 2023, these restricted net assets totaled RMB194.6 billion (US$28.3 billion). See note 23 to our audited consolidated financial statements included in this annual report. Also see “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — We rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries in China.” Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to certain restrictions on currency exchange or outbound capital flows. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — Restrictions on currency exchange or outbound capital flows may limit our ability to utilize our PRC revenue effectively.”

Under the PRC Enterprise Income Tax Law, a withholding tax of 5% to 10% is generally levied on dividends declared by companies in China to their non-resident enterprise investors. As of March 31, 2023, we have accrued the withholding tax on substantially all of the earnings distributable by our subsidiaries in China, except for those being reserved for permanent reinvestment in China of RMB233.6 billion (US$34.0 billion). See “— Components of Results of Operations — Taxation — PRC Withholding Tax.”

Inflation

Inflation in China has not materially impacted our results of operations in recent years. According to the National Bureau of Statistics of China, the year-over-year increase in the consumer price index in calendar years 2020, 2021 and 2022 was 2.5%, 0.9% and 2.0%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher inflation rates in China.

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” and issued subsequent amendments within ASU 2021-01 and ASU 2022-06 (collectively, including ASU 2020-04, “ASC 848”) in January 2021 and December 2022 respectively. ASC 848 provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASC 848 are effective for us from January 1, 2020 through December 31, 2024. We have elected the optional expedients for certain existing interest rate swaps that are designated as cash flow hedges, which did not have a material impact on the financial position, results of operations and cash flows. We are evaluating the effects, if any, of the potential election of the other optional expedients and exceptions provided in this guidance on our financial position, results of operations and cash flows.

In October 2021, the FASB issued ASU 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”, which provides guidance on the acquirer’s accounting for acquired revenue contracts with customers in a business combination. The amendments require an acquirer recognizes and measures contract assets and contract liabilities acquired in a business combination at the acquisition date in accordance with ASC 606 as if it had originated the contracts. This guidance also provides certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination. The new guidance is required to be applied prospectively to business combinations occurring on or after the date of adoption. This guidance is effective for us for the year ending March 31, 2024 and interim reporting periods during the year ending March 31, 2024. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.
In June 2022, the FASB issued ASU 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”, which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This guidance also requires certain disclosures for equity securities subject to contractual sale restrictions. The new guidance is required to be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. This guidance is effective for us for the year ending March 31, 2025 and interim reporting periods during the year ending March 31, 2025. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.

In September 2022, the FASB issued ASU 2022-04, “Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations”, which require a buyer in a supplier finance program disclose qualitative and quantitative information about the supplier finance program. The amendments do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The new guidance is required to be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. This guidance is effective for us for the year ending March 31, 2024 and interim reporting periods during the year ending March 31, 2024. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.

C. Research and Development, Patents and Licenses, etc.

Research and Development

We have built our core technologies for our online and mobile commerce and cloud businesses in-house. We employ research and development personnel to build our technology platform and develop new online and mobile products. We recruit top and experienced talent locally and overseas, and we have advanced training programs designed specifically for new campus hires.

Intellectual Property

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection in China and other jurisdictions, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We also enter into confidentiality and invention assignment agreements with all of our employees, and we rigorously control access to our proprietary technology and information. As of March 31, 2023, we had 11,483 issued patents and 12,818 publicly filed patent applications in China and 5,338 issued patents and 3,370 publicly filed patent applications in various other countries and jurisdictions globally. We do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims.

D. Trend Information

Other than as disclosed in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital reserves, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

Critical Accounting Policies and Estimates

Our significant accounting policies are set forth in note 2 to our audited consolidated financial statements included in this annual report. The preparation of our consolidated financial statements requires our management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Our management periodically re-evaluates these estimates and assumptions based on historical experience and other factors, including expectations of future events that they believe to be reasonable under the circumstances. We considered the economic implications of the COVID-19 pandemic on our significant judgments and estimates. Given the impact and other unforeseen effects on the global economy from the COVID-19 pandemic, these estimates required increased judgment, and actual results may differ significantly from these estimates and assumptions. In addition, the recent Russia-Ukraine conflict has resulted in significant disruptions to supply chains, logistics and business activities in the region that have negatively affected our international commerce business and Cainiao’s logistic business and may have other unforeseen, unpredictable effects. The estimates or assumptions related to the impacts of the conflict on economic conditions also require our significant
judgment. We have identified the following accounting policies as the most critical to an understanding of our financial position and results of operations, because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used or different judgments were made.

**Principles of Consolidation**

A subsidiary is an entity in which (i) we directly or indirectly control more than 50% of the voting power; or (ii) we have the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meetings of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders. However, there are situations in which consolidation is required even though these usual conditions of consolidation do not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between the entity’s voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a variable interest entity. We consolidate a variable interest entity if we are determined to be the primary beneficiary of the variable interest entity for accounting purposes only. The primary beneficiary has both (i) the power to direct the activities of the variable interest entity that most significantly impact the entity’s economic performance, and (ii) the obligation to absorb losses or the right to receive benefits from the variable interest entity that could potentially be significant to the variable interest entity.

For the entities that we invested in or are associated with but in which the usual conditions of consolidation mentioned above do not apply, we continuously re-assess whether these entities possess any of the characteristics of a variable interest entity and whether we are the primary beneficiary.

We consolidate our subsidiaries and the variable interest entities of which we are the primary beneficiary. On a periodic basis, we reconsider the initial determination of whether a legal entity is a consolidated entity upon the occurrence of certain events provided in Accounting Standards Codification (“ASC”) 810 “Consolidation.” We also continuously reconsider whether we are the primary beneficiary of our affiliated entities as facts and circumstances change.

**Recognition of Revenue**

Revenue is principally comprised of customer management services revenue, membership fees, logistics services revenue, cloud services revenue, sales of goods and other revenue. Revenue represents the amount of consideration we are entitled to upon the transfer of promised goods or services in the ordinary course of our activities and is recorded net of VAT. Consistent with the criteria of ASC 606 “Revenue from Contracts with Customers,” we recognize revenue when performance obligations are satisfied by transferring control of a promised good or service to a customer. For performance obligations that are satisfied at a point in time, we also consider the following indicators to assess whether control of a promised good or service is transferred to the customer: (i) right to payment, (ii) legal title, (iii) physical possession, (iv) significant risks and rewards of ownership and (v) acceptance of the good or service. For performance obligations satisfied over time, we recognize revenue over time by measuring the progress toward complete satisfaction of a performance obligation.

The application of various accounting principles related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with non-standard terms and conditions may require relevant contract interpretation to determine the appropriate accounting treatment, including whether the promised goods and services specified in a multiple element arrangement should be treated as separate performance obligations. Other significant judgments include determining whether we are acting as the principal or the agent from an accounting perspective in a transaction.

For multiple element arrangements with customers, which primarily relate to the provision of hybrid cloud services, which include hardware, software licenses, software installation services, application development and maintenance services, significant judgment is required to determine whether each good and service element is a distinct performance obligation and is separately accounted for. To determine whether a performance obligation is distinct, we consider its level of integration, customization, interdependence and interrelation with other elements within the arrangement. If an arrangement involves multiple distinct performance obligations, each distinct performance obligation is separately accounted for and the total consideration is allocated to each performance obligation based on the relative standalone selling prices at contract inception. If directly observable standalone selling prices are not available, we need to apply significant judgment and perform assessments on market conditions and entity-specific factors to estimate the standalone selling prices for each element. Changes in the estimated standalone selling price may cause the amount of revenue to be recognized for each performance obligation to differ, but the total amount of revenue to be recognized within a contract should not be affected. We periodically re-assess the standalone selling price of the elements as a result of changes in market conditions. Revenue
recognition for P4P marketing services, in-feed marketing services and display marketing services on our marketplaces does not require us to exercise significant judgment or estimate.

For certain arrangements, we apply significant judgment in determining whether we are acting as the principal or agent in a transaction. We are acting as the principal if we obtain control over the goods and services before they are transferred to customers. Generally, when we are primarily obligated in a transaction and are subject to inventory risk or have latitude in establishing prices, or have several but not all of these indicators, we act as the principal and record revenue on a gross basis. We act as the agent and record the net amount as revenue earned if we do not obtain control over the goods and services before they are transferred to the customers. We record P4P marketing services revenue, in-feed marketing services revenue and display marketing services revenue generated through third-party marketing affiliate programs on a gross basis when we act as the principal. Commission revenue relating to the Taobaoke program generated through third-party marketing affiliate partners’ websites where we do not have latitude in establishing prices or we do not take inventory risks is recorded on a net basis, otherwise it is recorded on a gross basis. In addition, we report revenue from the sales of goods and revenue generated from certain platforms in which we operate as a principal on a gross basis.

**Share-based Compensation Expense and Valuation of the Underlying Awards**

**Share-based awards relating to our ordinary shares**

We account for various types of share-based awards granted to the employees, consultants and directors of our company, our affiliates and/or certain other companies in accordance with the authoritative guidance on share-based compensation expense. All share-based awards granted including RSUs, share options and restricted shares are measured at the grant date based on the fair value of the awards and were recognized as an expense over the requisite service period, which is generally the vesting period of the respective award, using the accelerated attribution method. Under the accelerated attribution method, each vesting installment of a graded vesting award is treated as a separate share-based award, and accordingly each vesting installment is separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense.

Determining the fair value of share-based awards requires significant judgment. The fair values of RSUs and restricted shares are determined based on the fair value of our ordinary shares. The market price of our publicly traded ADSs is used as an indicator of fair value for our ordinary shares.

We generally estimate the fair value of share options using the Black-Scholes valuation model, which requires inputs such as the fair value of our ordinary shares, risk-free interest rate, expected dividend yield, expected life and expected volatility.

If the fair value of the underlying equity and any of the assumptions used in the Black-Scholes model changes significantly, share-based compensation expense for future awards may differ materially compared with the awards granted previously.

**Share-based awards relating to Ant Group**

Junhan and Ant Group have granted share-based awards to our employees, and the awards will be settled by Junhan or Ant Group respectively. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries — Our Commercial Arrangements with Ant Group and Alipay — Share-based Award Arrangements.”

These awards meet the definition of a financial derivative. The cost relating to these awards is recognized by us and the related expense is recognized over the requisite service period in the consolidated income statements with a corresponding credit to additional paid-in capital. Subsequent changes in the fair value of these awards are recorded in the consolidated income statements. The expenses relating to these awards are re-measured at the fair value on each reporting date until their settlement dates. See note 8(b) to our audited consolidated financial statements included in this annual report. Share-based compensation expense will be affected by changes in the fair value of awards granted to our employees by Junhan and Ant Group. The fair value of the underlying equity is primarily determined with reference to the business enterprise value, or BEV, of Ant Group which is based on the contemporaneous valuation report, external information and information obtained from Ant Group. Given that the determination of the BEV of Ant Group requires judgment and the BEV is beyond our control, the magnitude of the related accounting impact is unpredictable and may affect our consolidated income statements significantly.

Share-based compensation expense of awards relating to our ordinary shares and Ant Group is recorded net of estimated forfeitures in our consolidated income statements and accordingly is recorded only for those share-based awards that are expected to vest. We estimate the forfeiture rate based on historical forfeitures of share-based awards and adjust the rate to reflect changes when necessary. We revise our estimated forfeiture rate if actual forfeitures significantly differ from the initial estimates.
To the extent the actual forfeiture rate is different from what we have anticipated, share-based compensation expense related to these awards will be different. The expenses associated with these awards will be recognized across the functions in which the award recipients are employed and may continue to be significant in future periods.

Recognition of Income Taxes and Deferred Tax Assets/Liabilities

We are mainly subject to income tax in China, but are also subject to taxation on profit arising in or derived from the tax jurisdiction where our subsidiaries are domiciled and operate outside of China. Income taxes are assessed and determined on an entity basis. There are transactions (including entitlement to preferential tax treatment and deductibility of expenses) where the ultimate tax determination is uncertain until the final tax position is confirmed by relevant tax authorities. In addition, we recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes could be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

Deferred income tax is recognized for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilized. Deferred income tax is provided in full, using the liability method. The deferred tax assets recognized are mainly related to the temporary differences arising from amortization of licensed copyrights and accrued expenses, which are not deductible until paid under the applicable PRC tax laws. We have also recognized deferred tax liabilities on the undistributed earnings generated by our subsidiaries in China, which are subject to withholding tax when the subsidiaries resolve to distribute dividends to us. We have also recognized deferred tax for temporary differences in relation to certain investments in equity method investees, equity securities and other investments and share-based awards. As of March 31, 2023, we have accrued the withholding tax on substantially all of the distributable earnings of the PRC subsidiaries, except for those undistributed earnings that we intend to invest indefinitely in the PRC. If the plan to invest the undistributed earnings indefinitely in the PRC changes or if these funds are in fact distributed outside of China, we would be required to accrue or pay the withholding tax on some or all of these undistributed earnings and our effective tax rate would be adversely affected.

Fair Value Determination Related to the Accounting for Business Combinations

A component of our growth strategy has been to acquire and integrate complementary businesses into our ecosystem. We complete business combinations from time to time that require us to perform purchase price allocations. In order to recognize the acquisition date amounts of assets acquired and liabilities assumed, mainly consisting of intangible assets and goodwill, as well as the fair value of any contingent consideration to be recognized, we use valuation techniques such as discounted cash flow analysis and ratio analysis with reference to comparable companies in similar industries under the income approach, market approach and cost approach. Major assumptions used in determining the fair value of these intangible assets include future growth rates and weighted average cost of capital. Most of the valuations of our acquired businesses have been performed by independent valuation specialists under our management’s supervision. We believe that the estimated fair value assigned to the assets acquired and liabilities assumed are based on reasonable assumptions and estimates that market participants would use. However, these assumptions are inherently uncertain and actual results could differ from those estimates.

Fair Value Determination Related to Financial Instruments Accounted for at Fair Value

We have a significant amount of financial instruments that are categorized within Level 2 and Level 3 according to ASC 820 “Fair Value Measurement.” The valuations for certain financial instruments categorized within Level 2, such as interest rate swap contracts and certain option agreements, are performed based on inputs derived from or corroborated by observable market data. Convertible and exchangeable bonds that do not have a quoted price are categorized within Level 2 or Level 3, of which the valuations are generally performed using valuation models such as the binomial model with unobservable inputs including risk-free interest rate and expected volatility. The valuation of contingent consideration categorized within Level 3 is performed using an expected cash flow method with unobservable inputs including the probability to achieve the contingencies in connection with the contingent consideration arrangements. Significant judgment is required to determine the appropriateness of those unobservable inputs.

Investments in privately held companies for which we elected to record using the measurement alternative are recorded at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer. The valuations of these investments are categorized within Level 3, and are estimated based on valuation methods using the observable transaction price at the transaction date and considering the rights and obligations of the securities and other unobservable inputs including volatility. The determination of whether an observable transaction is orderly and whether the investment involved is identical or similar to our investment, and the amount of fair value adjustment requires significant judgment.
**Impairment Assessment on Goodwill and Intangible Assets**

We test annually, or whenever events or circumstances indicate that the carrying value of assets exceeds the recoverable amounts, whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in note 2 to our audited consolidated financial statements included in this annual report. For the impairment assessment on goodwill, we may first perform a qualitative assessment to determine whether quantitative impairment testing of goodwill is necessary. In this assessment, we identify the reporting units, consider factors such as macroeconomic conditions, industry and market considerations, overall financial performance of the reporting units, and other specific information related to the operations, business plans and strategies of the reporting units, including consideration of the impact of the COVID-19 pandemic. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed. We may also bypass the qualitative assessment and proceed directly to perform the quantitative impairment test. For the quantitative assessment of goodwill impairment, we compare the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, the amount by which the carrying amount exceeds the reporting unit’s fair value is recognized as impairment.

For intangible assets other than licensed copyrights, we perform an impairment assessment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. These assessments primarily use cash flow projections based on financial forecasts prepared by management and an estimated terminal value. The expected growth in revenues and operating margin, timing of future capital expenditures, an estimate of weighted average cost of capital and terminal growth rate are based on actual and prior year performance and market development expectations. The periods of the financial forecasts generally range from three to five years or a longer period if necessary. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and the results of the impairment tests.

**Impairment Assessment on Licensed Copyrights**

We evaluate the program usefulness of licensed copyrights pursuant to the guidance in ASC 920 “Entertainment — Broadcasters,” which provides that the rights be reported at the lower of unamortized cost or fair value. When there is a change in the expected usage of licensed copyrights, we estimate the fair value of licensed copyrights to determine if any impairment exists. The fair value of licensed copyrights is determined by estimating the expected cash flows from advertising and membership fees, less any costs and expenses, over the remaining useful lives of the licensed copyrights at the film-group level. Estimates that impact these cash flows include anticipated levels of demand for our advertising services and the expected selling prices of advertisements. Judgment is required to determine the key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and the results of the impairment tests.

**Impairment Assessment on Investments in Equity Method Investees**

We continually review our investments in equity method investees to determine whether a decline in fair value below the carrying value is “other-than-temporary.” The primary factors that we consider include:

- the severity and length of time that the fair value of the investment is below its carrying value;
- the stage of development, the business plan, the financial condition, the sufficiency of funding, the operating performance and the prospects of the investee companies;
- the geographic region, market and industry in which the investee companies operate, including consideration of the impact of the COVID-19 pandemic and Russia-Ukraine conflict; and
- other entity specific information such as recent financing rounds completed by the investee companies and post balance sheet date fair value of the investment.

Fair value of listed securities is subject to volatility and may be materially affected by market fluctuations. Judgment is required to determine the weighting and impact of the abovementioned factors and changes to this determination can significantly affect the results of the impairment tests.
**Impairment Assessment on Equity Securities**

Equity securities without readily determinable fair values that are accounted for using the measurement alternative are subject to periodic impairment reviews. Our impairment analysis considers both qualitative and quantitative factors that may have a significant effect on the fair value of these equity securities, including consideration of the impact of the COVID-19 pandemic and Russia-Ukraine conflict. Qualitative factors considered may include market environment and conditions, financial performance, business prospects, and other relevant events and factors. When indicators of impairment exist, we perform quantitative assessments of the fair value, which may include the use of market and income valuation approaches and the use of estimates, which may include discount rates, investees’ liquidity and financial performance, and market data of comparable companies in similar industries. Judgment is required to determine the appropriateness of the valuation approaches and the weighting and impact of the abovementioned factors. Changes to this determination can significantly affect the results of the quantitative assessments.

**Depreciation and Amortization**

The costs of property and equipment and intangible assets are charged ratably as depreciation and amortization expenses, respectively, over the estimated useful lives of the respective assets using the straight-line method. We periodically review changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation and amortization rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in estimated useful lives and therefore depreciation and amortization expenses in future periods.
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information relating to our directors and executive officers.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position/Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Yong ZHANG</td>
<td>51</td>
<td>Chairman and Chief Executive Officer; Chairman and Chief Executive Officer, Cloud Intelligence Group</td>
</tr>
<tr>
<td>Joseph C. TSAI</td>
<td>59</td>
<td>Executive Vice Chairman; Chairman, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>J. Michael EVANS</td>
<td>65</td>
<td>Director and President; Chairman, Alibaba International Digital Commerce Group</td>
</tr>
<tr>
<td>Maggie Wei WU</td>
<td>55</td>
<td>Director</td>
</tr>
<tr>
<td>Jerry YANG</td>
<td>54</td>
<td>Independent director</td>
</tr>
<tr>
<td>Wan Ling MARTELLO</td>
<td>65</td>
<td>Independent director</td>
</tr>
<tr>
<td>Weijian SHAN</td>
<td>69</td>
<td>Independent director</td>
</tr>
<tr>
<td>Irene Yun-Lien LEE</td>
<td>69</td>
<td>Independent director</td>
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<tr>
<td>Albert Kong Ping NG</td>
<td>65</td>
<td>Independent director</td>
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<tr>
<td>Kabir MISRA</td>
<td>54</td>
<td>Independent director</td>
</tr>
<tr>
<td>Toby Hong XU</td>
<td>50</td>
<td>Chief Financial Officer</td>
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<tr>
<td>Jane Fang JIANG</td>
<td>49</td>
<td>Chief People Officer</td>
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<tr>
<td>Zeming WU</td>
<td>43</td>
<td>Chief Technology Officer</td>
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<tr>
<td>Sara Siying YU</td>
<td>48</td>
<td>General Counsel</td>
</tr>
<tr>
<td>Trudy Shan DAI</td>
<td>47</td>
<td>Chief Executive Officer, Taobao and Tmall Group</td>
</tr>
<tr>
<td>Yongfu YU</td>
<td>46</td>
<td>Chief Executive Officer, Local Services Group</td>
</tr>
<tr>
<td>Fan JIANG</td>
<td>37</td>
<td>Chief Executive Officer, Alibaba International Digital Commerce Group</td>
</tr>
<tr>
<td>Lin WAN</td>
<td>48</td>
<td>Chief Executive Officer, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>Luyuan FAN</td>
<td>50</td>
<td>Chief Executive Officer, Digital Media and Entertainment Group</td>
</tr>
</tbody>
</table>

† Director nominated by the Alibaba Partnership.
(a) Group I directors. Current term of office will expire at our 2024 annual general meeting.
(b) Group II directors. Current term of office will expire at our 2025 annual general meeting.
(c) Group III directors. Current term of office will expire at our 2023 annual general meeting.
(d) Effective on September 10, 2023, Joe Tsai will succeed Daniel Zhang as chairman of the Company and Eddie Yongming Wu, Chairman of Taobao and Tmall Group, will succeed Daniel Zhang as Director and Chief Executive Officer.

(1) 969 West Wen Yi Road, Yu Hang District, Hangzhou 311121, the People’s Republic of China.
(2) 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong S.A.R., the People’s Republic of China.

Biographical Information

Daniel Yong ZHANG (张勇) has served as our chairman since September 2019, has been our chief executive officer since May 2015 and our director since September 2014. He is a founding member of the Alibaba Partnership. He became the chief executive officer of Cloud Intelligence Group in December 2022 and was appointed chairman of Cloud Intelligence Group in May 2023, in addition to his existing roles as chairman and chief executive officer of Alibaba Group. Previously, he served as our chief operating officer from September 2013 to May 2015. He joined our company in August 2007 as chief financial officer of Taobao Marketplace and served in this position until June 2011. He took on the additional role of general manager for Tmall.com in August 2008, which he performed concurrently until his appointment as president of Tmall.com in June 2011 when Tmall.com became an independent platform. Prior to joining Alibaba Group, Daniel served as chief financial officer of Shanda Interactive Entertainment Limited, an online game developer and operator then listed on Nasdaq, from September 2005 to August 2007. From 2002 to 2005, he was a senior manager of PricewaterhouseCoopers’ Audit and Business Advisory Division in Shanghai. Daniel is a member of the WEF International Business Council. He served as the co-chair of the board of Consumer Goods Forum from June 2021 to June 2023. Daniel received a bachelor’s degree in finance from Shanghai University of Finance and Economics.

Joseph C. TSAI (蔡崇信) joined our company in 1999 as a member of the Alibaba founding team and has served on our board of directors since our inception. He was chief financial officer until 2013 and is currently our executive vice chairman. Joe is a founding member of the Alibaba Partnership. He is chairman of Cainiao Smart Logistics Network Limited, a board member of Taobao and
Tmall Group, and a board member of our affiliate Ant Group. From 1995 to 1999, Joe was a private equity investor based in Hong Kong with Investor AB, the main investment vehicle of Sweden’s Wallenberg family. Prior to that, he was general counsel of Rosecliff, Inc., a management buyout firm based in New York. From 1990 to 1993, Joe was an associate attorney in the tax group of Sullivan & Cromwell LLP, a New York-based international law firm. Joe is qualified to practice law in the State of New York. Joe received his bachelor’s degree in Economics and East Asian Studies from Yale College and a juris doctor degree from Yale Law School.

**J. Michael EVANS** has been our president since August 2015 and our director since September 2014. In May 2023 he was appointed Chairman of the Alibaba International Digital Commerce business. Prior to joining Alibaba Group, Mike spent 30 years in global finance. Mike served as Vice Chairman of The Goldman Sachs Group, Inc. from February 2008 until his retirement in December 2013. Mike served as chairman of Asia operations at Goldman Sachs from 2004 to 2013. Mike joined Goldman Sachs in 1993, became a partner of the firm in 1994 and held various leadership positions within the firm’s securities business while based in New York and London, including global head of equity capital markets and global co-head of the equities division, and global co-head of the securities business. Mike is a board member of City Harvest. He is also a trustee of the Asia Society and a member of the Advisory Council for the Bendheim Center for Finance at Princeton University. In August 2014, Mike joined the board of Barrick Gold Corporation, and in December 2020, he joined the board of Farfetch Limited as a non-executive director, both companies listed on the NYSE. Mike received his bachelor’s degree in politics from Princeton University in 1981, and won an Olympic gold medal for his home country Canada as a member of the men's eights rowing team in the Los Angeles 1984 Summer Olympics.

**Maggie Wei WU (武卫)** has been our director since September 2020 and is a founding member of the Alibaba Partnership. Maggie joined our company in July 2007 as chief financial officer of Alibaba.com. She served as our chief financial officer from May 2013 to March 2022 and our head of strategic investments from June 2019 to March 2022. She was voted the best CFO in FinanceAsia’s annual poll for Asia’s Best Managed Companies in 2010. In 2018, she was named as one of the world’s 100 most powerful women by Forbes. Before joining Alibaba, Maggie was an audit partner at KPMG in Beijing. Maggie is a member of the Association of Chartered Certified Accountants (ACCA). She received a bachelor’s degree in accounting from Capital University of Economics and Business.

**Jerry YANG (杨致远)** has been our director since September 2014. Jerry previously served as our director from October 2005 to January 2012. Since March 2012, Jerry has served as the founding partner of AME Cloud Ventures, a venture capital firm. Jerry is a co-founder of Yahoo! Inc., and served as Chief Yahoo! and as a member of its board of directors from March 1995 to January 2012. In addition, he served as Yahoo!’s Chief Executive Officer from June 2007 to January 2009. From January 1996 to January 2012, Jerry served as a director of Yahoo! Japan. Jerry also served as an independent director of Cisco Systems, Inc. from July 2000 to November 2012. He is currently an independent director of Workday Inc., a company listed on the NYSE, and Lenovo Group Ltd., a company listed on the Hong Kong Stock Exchange. He also serves as a director of various private companies and foundations. Jerry received a bachelor’s degree and a master’s degree in electrical engineering from Stanford University, where he is currently serving on the university’s Board of Trustees since October 2017. Jerry was appointed Chair of Stanford’s Board of Trustees in July 2021. He was previously on Stanford’s Board of Trustees from 2005 to 2015, including being a vice chair.

**Wan Ling MARTELLO** has been our director since September 2015. She is a founding partner of BayPine, a private equity firm based in Boston, U.S.A., a role she has held since February 2020. She is also on the board of portfolio companies of BayPine. She served as the executive vice president and chief executive officer of the Asia, Oceania, and sub-Saharan Africa region for Nestlé SA from May 2015 to December 2018. She was Nestlé’s global chief financial officer from April 2012 to May 2015, and executive vice president from November 2011 to March 2012. Prior to Nestlé, Wan Ling was a senior executive at Walmart Stores Inc., a global retailer, from 2005 to 2011. Her roles included executive vice president and chief operating officer for Global eCommerce, and senior vice president, chief financial officer and strategy for Walmart International. Before Walmart, she was president, U.S.A. at NCH Marketing Services Inc. She was with the firm from 1998 to 2005. She also worked at Borden Foods Corporation and Kraft Inc. where she held various senior management positions. She is currently a director of Uber Technologies, Inc., a company listed on the NYSE and Stellantis N.V., a company listed on the NYSE, the Italian Stock Exchange and Euronext, Paris. Wan Ling received a master’s degree in business administration (management information systems) from the University of Minnesota and a bachelor’s degree in business administration and accounting from the University of the Philippines.

**Weijian SHAN**(單偉建) has been our director since March 2022. He is the executive chairman and a founder of PAG, a leading private equity firm in Asia. He has been with PAG since 2010. Between 1998 and 2010, he was a partner of the private equity firm TPG and co-managing partner of TPG Asia (formerly known as Newbridge Capital). Previously, he was a managing director of JP Morgan, where he was concurrently the chief representative for China between 1993 and 1998. He was an assistant professor at the Wharton School of the University of Pennsylvania between 1987 and 1993. Shan is a Trustee of the British Museum. He is also a member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited. He served as an independent director of Singapore-listed Wilmar International Limited between 2018 and 2021. He holds an M.A. and a Ph.D. from the University of

Irene Yun-Lien LEE (利蕴莲) has been our director since August 2022. Irene is the executive chairman of Hysan Development Limited and is the independent non-executive chairman of Hang Seng Bank Limited, both companies listed on the Hong Kong Stock Exchange. She is an independent non-executive director of Hong Kong and Shanghai Banking Corporation Limited. She is also a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. Irene was on the board of many listed and unlisted companies in Hong Kong, Singapore, UK and Australia, including CLP Holdings Limited, Cathay Pacific Airways Limited, QBE Insurance Group Limited, ING Bank (Australia) Limited, Noble Group Limited, amongst others. She was a member of the Australian Takeovers Panel as well as a member of the Advisory Council of JP Morgan Australia. Until April 2022, she was an independent non-executive director of HSBC Holdings plc. Irene had a long career in financial services and held senior positions at Citibank in New York, London and Sydney. She was the global head of corporate finance at the Commonwealth Bank of Australia and she held other senior positions in investment banking and funds management in a number of international financial institutions. Irene received a Bachelor of Arts degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray’s Inn, United Kingdom. She was awarded the degree of Doctor of Social Science, honoris causa from the Chinese University of Hong Kong in November 2022.

Albert Kong Ping NG (吴港平) has been our director since August 2022 and chairman of our audit committee since December 2022. Albert currently serves as an independent non-executive director and chairman of the audit committee of a number of public companies, including Ping An Insurance (Group) Company of China, Ltd., a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, Beijing Airdoc Technology Co., Ltd., a company listed on the Hong Kong Stock Exchange, and China International Capital Corporation Limited, a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Albert is also an independent non-executive director and member of the audit and risk committee of Shui On Land Limited, a company listed on the Hong Kong Stock Exchange. Albert worked at Ernst & Young China from April 2007 to June 2020, where he was the chairman of Ernst & Young China and a member of Ernst & Young’s Global Executive Board. Prior to joining Ernst & Young, he was Greater China Managing Partner of Arthur Andersen, Managing Partner – China Operation of PricewaterhouseCoopers and Managing Director of Citigroup – China Investment Banking. Albert is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants of Australia and New Zealand (CAANZ), CPA Australia (CPAA) and Association of Chartered Certified Accountants (ACCA). He received a bachelor’s degree in business administration and a master’s degree in business administration from the Chinese University of Hong Kong.

Kabir MISRA has been our director since September 2020, redesignated as our independent director since February 2023, and is currently managing partner at RPS Ventures, a venture capital firm in Palo Alto, CA. Prior to October 2018, Kabir was a managing partner at SoftBank Investment Advisors (which manages the SoftBank Vision Fund) and SoftBank Capital. He worked with SoftBank from 2006 to 2022 (as advisor from 2018-2022) and has assisted Mr. Masayoshi Son with our company, and his duties as one of our directors, since before our IPO. Kabir has also represented SoftBank at various points on the boards of its investee companies, including other e-commerce and payments companies Flipkart, Paytm, Tokopedia, Coupang and BigCommerce. Prior to joining SoftBank, Kabir worked as an investment banker in the U.S. and Hong Kong. Kabir is currently a director of Stratim Cloud Acquisition Corp., a special purpose acquisition company listed on Nasdaq, and an independent director of PayActiv. He received a Bachelor of Arts degree in Economics from Harvard University and a master’s degree in business administration from the Stanford Graduate School of Business.

Toby Hong XU (徐宏) has been our chief financial officer since April 2022. He joined Alibaba Group in July 2018 and was our deputy chief financial officer from July 2019 to March 2022. Before joining Alibaba Group, Toby was a partner at PricewaterhouseCoopers for 11 years, where he joined in 1996. Toby graduated from Fudan University in Shanghai, China, with a bachelor’s degree in Physics in 1996. He is a member of the Chinese Institute of Certified Public Accountants.

Jane Jiang FANG (蒋芳) has served as our chief people officer since April 2023 and is a founding member of the Alibaba Partnership. Prior to her current position, she served as deputy chief people officer since 2017. Jane joined our company in 1999 as a member of our founding team. Over the years, Jane has held a number of senior management roles in different departments within the company, at different times leading China TrustPass product planning, business analysis, global operations, website operations and marketing for Alibaba.com, as well as credit system development. Jane received a bachelor's degree in industry and foreign trade from the Hangzhou Institute of Electrical Engineering.
Zeming **WU (吴泽明)** has been our chief technology officer since December 2022. Zeming joined Taobao in 2004 and has been the main driver of the technology structure of Alibaba Group’s e-commerce system. He has served as the technology leader of several years of Alibaba 11.11 Global Shopping Festival. As a member of the Alibaba Partnership who has been trusted in several of Alibaba’s frontline technical positions, Zeming has been president of Alibaba’s New Retail Technology business group since November 2018 and head of Alibaba’s Local Consumer Services Technology Center since December 2020. Since July 2021, Zeming has served as chief technology officer of Alibaba’s Local Consumer Services and head of the company’s Business Productivity Product Center. He was appointed our chief technology officer, vice president of DAMO Academy in December 2022, and served as the chief executive officer of Ai Cheng Technology, a wholly-owned subsidiary of Alibaba, and the chief technology officer of Taobao and Tmall Group since April 2023. Zeming holds a bachelor’s degree in computer science and technology from Hangzhou Dianzi University.

Sara **Siying YU (俞思瑛)** has been our general counsel since April 2020. Sara joined our company in April 2005 and became one of the first partners of the Alibaba Partnership. Prior to her current role, she served as deputy general counsel, responsible for domestic legal affairs. Before joining Alibaba Group, she worked in various law firms and government departments. Sara received a bachelor's degree in law from East China University of Political Science and Law.

Trudy Shan **DAI (戴珊)** joined our company in 1999 as one of the members of the Alibaba founding team, is a member of the Alibaba Partnership. She has been serving as the chief executive officer of Taobao and Tmall Group since March 2023. Taobao and Tmall Group, a business group of Alibaba Group, is a globally leading company driven by technology, which currently comprises Taobao, Tmall, Tmall Global, Taobao Live, Tmall Supermarket, Taocaicai, Taobao Deals, Xianyu, Alimama and 1688.com, providing services such as online retail, online wholesale, resale, and digital marketing. Prior to her current role, Trudy served as President of Alibaba’s Core Domestic e-Commerce from January 2022 to February 2023. From January 2017 to December 2021, she was president of Alibaba’s Industrial E-commerce (formerly “B2B business”), which at the time comprised Alibaba.com, 1688.com, AliExpress, Taobao Deals as well as digital agriculture. She concurrently served as president of Alibaba’s Community E-commerce from March to December 2021. Trudy served as President of Alibaba from June 2014 to January 2017. She also served as senior vice president of human resources and administration of Taobao and Alibaba.com, as well as deputy chief people officer and chief people officer of Alibaba Group from 2009 to 2014. From 2007 to 2008, she served as general manager of Alibaba.com. Prior to that, she was vice president of human resources of Yahoo China and the first general manager of Alibaba.com’s Guangzhou branch, in charge of field and telephone sales, marketing and human resources in Guangdong Province. From 2002 to 2005, she served as senior sales director of TrustPass. Trudy received a bachelor’s degree in engineering from Hangzhou Institute of Electrical Engineering.
Yongfu YU (余永福), a member of the Alibaba Partnership, currently serves as chairman and chief executive officer of Local Services Group, where he oversees and manages location-based services including Amap and Ele.me. Prior to this, Yongfu served as chairman and chief executive officer of our Digital Media and Entertainment Group from 2016 to 2017 where he streamlined and oversaw the strategic development of a diverse lineup of businesses and services including online video, news feed, online gaming, online literature, film, music, and digital entertainment. Yongfu also previously served as president of Alimama from 2015 to 2016, the digital marketing arm of Alibaba Group. Under his leadership, Alimama successfully restructured its businesses and achieved rapid growth. Before joining Alibaba Group, Yongfu was the co-founder, chairman and chief executive officer of UCWeb Inc from 2006 to 2014 and was in charge of the overall development and operations of the company. He had spearheaded the company to fast paced growth through development and reform in business models, efficient management, product development, team building and capital operations of the company. Yongfu received his bachelor’s degree in business administration from Nankai University in 1999.

Fan JIANG (蒋凡) currently serves as chief executive officer of Alibaba International Digital Commerce Group and is a member of the Alibaba Partnership. He has served as president of Alibaba International Digital Commerce since January 2022. He has served as president of Taobao since December 2017, president of Tmall since March 2019 and president of Alimama since December 2019. Prior to his current position, he had been responsible for the Taobao app since joining our company in August 2013. Previously, he founded and served as the chief executive officer of Umeng, a provider of mobile app analytics solutions for developers which we acquired. Before founding Umeng in 2010, he worked in product development at Google China. Jiang Fan received a bachelor’s degree in computer science from Fudan University.

Lin WAN (万霖) currently serves as the director and the chief executive officer of Cainiao Smart Logistics Network Limited, a global smart logistics company and the logistics arm of Alibaba Group, overseeing the company’s strategic planning and business operations. He is also a member of the Alibaba Partnership. Since joining the company in 2014, he has spearheaded the creation of the industrial Internet structure for logistics, and Cainiao’s core capability building through globalization, operation and digitalization. Under his leadership, Cainiao has advanced in global logistics, smart supply chain and express, community delivery, logistics parks and technologies, leading the digital transformation of the entire logistics industry through cooperation. Prior to joining Cainiao, he was a senior executive at Amazon’s global logistics division. Lin holds a Ph.D. degree in operational research from The University of Texas in Austin.

Luyuan FAN (樊路远) currently serves as chairman and chief executive officer of Digital Media and Entertainment Group and is a member of the Alibaba Partnership. He has served as president of Digital Media and Entertainment Group since November 2018. He has been an executive director of Alibaba Pictures since January 2016, and currently serves as the chairman and chief executive officer of Alibaba Pictures. He joined Alipay in 2007 where he served in a number of senior management positions, including the president of Alipay and the president of Ant Group’s wealth management business. Fan holds an executive master’s degree in business administration from Cheung Kong Graduate School of Business.

Alibaba Partnership

Since our founders first gathered in Jack Ma’s apartment in 1999, they and our management have acted in the spirit of partnership. We view our culture as fundamental to our success and our ability to serve our customers, develop our employees and deliver long-term value to our shareholders. In July 2010, in order to preserve this spirit of partnership and to ensure the sustainability of our mission, vision and values, we decided to formalize our partnership as Lakeside Partners, named after the Lakeside Gardens residential community where Jack Ma and our other founders started our company. We refer to the partnership as the Alibaba Partnership.

We believe that our partnership approach has helped us to better manage our business, with the peer nature of the partnership enabling senior managers to collaborate and override bureaucracy and hierarchy. As of the date of this annual report, the Alibaba Partnership has a total of 28 members. The number of partners in the Alibaba Partnership may change from time to time due to the election of new partners, the retirement of partners and the departure of partners for other reasons.

Our partnership is a dynamic body that rejuvenates itself through admission of new partners each year, which we believe enhances our excellence, innovation and sustainability. Unlike dual-class ownership structures that employ a high-vote class of shares to concentrate control in a few founders, our approach is designed to embody the vision of a large group of management partners. This structure is our solution for preserving the culture shaped by our founders while at the same time accounting for the fact that founders will inevitably retire from the company.

Consistent with our partnership approach, all partnership votes are made on a one-partner-one-vote basis.

The partnership is governed by a partnership agreement and operates under principles, policies and procedures that have evolved with our business and are further described below.
Nomination and Election of Partners

The Alibaba Partnership elects new partners annually after a nomination process whereby existing partners propose candidates to the partnership committee as described below. The partnership committee reviews the nominations and determines whether the nomination of a candidate will be proposed to the entire partnership for election. Election of new partners requires the approval of at least 75% of all of the partners. Partners should be employees of Alibaba Group.

To be eligible for election, a partner candidate must have demonstrated the following attributes:

- a high standard of personal character and integrity;
- continued service with Alibaba Group for not less than five years;
- a track record of contribution to the business of Alibaba Group; and
- being a “culture carrier” who shows a consistent commitment to, and traits and actions consonant with, our mission, vision and values.

We believe the criteria and process of the Alibaba Partnership applicable to the election promote accountability among the partners as well as to our customers, employees and shareholders. In order to align the interests of partners with the interests of our shareholders, we require that each partner maintain a meaningful level of equity interests in our company during his or her tenure as a partner. Since a partner nominee must have been our employee for at least five years, as of the time he or she becomes a partner, he or she will typically already own or have been awarded a personally meaningful level of equity interest in our company through our equity incentive and share purchase or investment plans.

Duties of Partners

The main duty of partners in their capacity as partners is to embody and promote our mission, vision and values. We expect partners to be evangelists for our mission, vision and values, both within our organization and externally to customers, business partners and other participants in our ecosystem.

Partnership Committee

The partnership committee must consist of at least five but no more than seven partners, including partnership committee continuity members, and is currently comprised of Jack Ma, Joe Tsai, Daniel Zhang, Lucy Peng, Xiaofeng Shao and Eddie Wu. The partnership committee is responsible for administering partner elections and managing the relevant portion of the deferred cash bonus pool, with any amounts payable to partners who are our executive officers or directors or members of the partnership committee subject to approval of the compensation committee of our board of directors. Either one or two partners may be designated as partnership committee continuity partners, and currently the partnership committee continuity members consist of Jack Ma and Joe Tsai. Other than partnership committee continuity members, the partnership committee members serve for a term of five years and may serve multiple terms. Elections of partnership committee members are held once every five years. Partnership committee continuity members are not subject to election, and may serve until they cease to be partners, retire from the partnership committee or are unable to discharge duties as partnership committee members as a result of illness or permanent incapacity. A replacement partnership committee continuity partner is either designated by a retiring or, as the case may be, the remaining, partnership committee continuity member. Prior to each election, the partnership committee will nominate a number of partners equal to the number of partnership committee members that will serve in the next partnership committee term plus three additional nominees less the number of the serving partnership committee continuity members. Each partner votes for a number of nominees equal to the number of partnership committee members that will serve in the next partnership committee term less the number of the serving partnership committee continuity members, and all except the three nominees who receive the least votes from the partners are elected to the partnership committee.

Director Nomination and Appointment Rights

Pursuant to our Articles of Association, the Alibaba Partnership has the exclusive right to nominate or, in limited situations, appoint up to a simple majority of the members of our board of directors.

The election of each director nominee of the Alibaba Partnership will be subject to the director nominee receiving a majority vote from our shareholders voting at an annual general meeting of shareholders. If an Alibaba Partnership director nominee is not elected by our shareholders or after election departs our board of directors for any reason, the Alibaba Partnership has the right to appoint a different person to serve as an interim director of the class in which the vacancy exists until our next scheduled annual general meeting.
of shareholders. At the next scheduled annual general meeting of shareholders, the appointed interim director or a replacement Alibaba Partnership director nominee (other than the original nominee) will stand for election for the remainder of the term of the class of directors to which the original nominee would have belonged.

If at any time our board of directors consists of less than a simple majority of directors nominated or appointed by the Alibaba Partnership for any reason, including because a director previously nominated by the Alibaba Partnership ceases to be a member of our board of directors or because the Alibaba Partnership had previously not exercised its right to nominate or appoint a simple majority of our board of directors, the Alibaba Partnership will be entitled (in its sole discretion and without the need for any additional shareholder action) to appoint such number of additional directors to the board as necessary to ensure that the directors nominated or appointed by the Alibaba Partnership comprise a simple majority of our board of directors.

In determining the Alibaba Partnership director nominees who will stand for election to our board, the partnership committee will propose director nominees who will be voted on by all of the partners, and those nominees who receive a simple majority of the votes of the partners will be selected for these purposes. The director nominees of the Alibaba Partnership may be partners of the Alibaba Partnership or other qualified individuals who are not affiliated with the Alibaba Partnership.

The Alibaba Partnership’s right to nominate or appoint up to a simple majority of our directors is conditioned on the Alibaba Partnership being governed by the partnership agreement in effect as of the completion of our initial public offering in September 2014, or as may be amended in accordance with its terms from time to time. Any amendment to the provisions of the partnership agreement relating to the purpose of the partnership, or to the manner in which the Alibaba Partnership exercises its right to nominate a simple majority of our directors, will be subject to the approval of the majority of our directors who are not nominees or appointees of the Alibaba Partnership and are “independent directors” within the meaning of Section 303A of the NYSE Listed Company Manual. The provisions relating to nomination rights and procedures described above are incorporated in our Articles. Pursuant to our Articles, the Alibaba Partnership’s nomination rights and related provisions of our Articles may only be changed upon the vote of shareholders representing 95% of the votes present in person or by proxy at a general meeting of shareholders.

Alibaba Partnership has not fully exercised its director nomination right. Our board of directors currently consists of ten members, six are independent directors nominated by our nominating and corporate governance committee, four are Alibaba Partnership nominees.
Current Partners

The following table sets forth the names, in alphabetical order by surname, and other information regarding the current partners of the Alibaba Partnership as of the date of this annual report.
<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Gender</th>
<th>Year Joined Alibaba Group</th>
<th>Current position with Alibaba Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lijuan CHEN (陈丽娟)</td>
<td>42</td>
<td>F</td>
<td>2003</td>
<td>Vice President</td>
</tr>
<tr>
<td>Trudy Shan DAI (戴珊)</td>
<td>47</td>
<td>F</td>
<td>1999</td>
<td>Director and Chief Executive Officer, Taobao and Tmall Group;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Alibaba International Digital Commerce Group;</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>Luyuan FAN (樊路远)</td>
<td>50</td>
<td>M</td>
<td>2007</td>
<td>Chairman and Chief Executive Officer, Digital Media and Entertainment Group</td>
</tr>
<tr>
<td>Yongxin FANG (方永新)</td>
<td>49</td>
<td>M</td>
<td>2000</td>
<td>President, Ele.me, Local Services Group</td>
</tr>
<tr>
<td>Fan JIANG (蒋凡)</td>
<td>37</td>
<td>M</td>
<td>2013</td>
<td>Director and Chief Executive Officer, Alibaba International Digital Commerce Group;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Taobao and Tmall Group;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>Jane Fang JIANG (蒋芳)</td>
<td>49</td>
<td>F</td>
<td>1999</td>
<td>Group Chief People Officer;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Cloud Intelligence Group;</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>Jiangwei JIANG (蒋江伟)</td>
<td>41</td>
<td>M</td>
<td>2008</td>
<td>Vice President, Cloud Intelligence Group</td>
</tr>
<tr>
<td>Zhenfei LIU (刘振飞)</td>
<td>51</td>
<td>M</td>
<td>2006</td>
<td>President, Amap</td>
</tr>
<tr>
<td>Jack Yun MA (马云)†</td>
<td>58</td>
<td>M</td>
<td>1999</td>
<td>Partner, Alibaba Partnership</td>
</tr>
<tr>
<td>Lucy Lei PENG (彭蕾)†</td>
<td>49</td>
<td>F</td>
<td>1999</td>
<td>Partner, Alibaba Partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Local Services Group;</td>
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<td></td>
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<td></td>
<td></td>
<td>Director, Alibaba International Digital Commerce Group</td>
</tr>
<tr>
<td>Xiaofeng SHAO (邵晓锋)†</td>
<td>57</td>
<td>M</td>
<td>2005</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Jie SONG (宋浩)</td>
<td>44</td>
<td>F</td>
<td>2000</td>
<td>Vice President, Alibaba International Digital Commerce Group</td>
</tr>
<tr>
<td>Lijun SUN (孙利军)</td>
<td>46</td>
<td>M</td>
<td>2002</td>
<td>Director-General, Alibaba Foundation</td>
</tr>
<tr>
<td>Judy Wenhong TONG (童文红)</td>
<td>52</td>
<td>F</td>
<td>2000</td>
<td>Partner, Alibaba Partnership</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Director, Digital Media and Alibaba Foundation</td>
</tr>
<tr>
<td>Joseph C. TSAI (蔡崇信)†*</td>
<td>59</td>
<td>M</td>
<td>1999</td>
<td>Executive Vice Chairman</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Chairman, Cainiao Smart Logistics Network Limited</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Taobao and Tmall Group;</td>
</tr>
<tr>
<td>Lin WAN (万霖)</td>
<td>48</td>
<td>M</td>
<td>2014</td>
<td>Director and Chief Executive Officer, Cainiao Smart Logistics Network Limited</td>
</tr>
<tr>
<td>Hai WANG (汪海)</td>
<td>43</td>
<td>M</td>
<td>2003</td>
<td>Vice President, Taobao and Tmall Group</td>
</tr>
<tr>
<td>Lei WANG (王磊)</td>
<td>43</td>
<td>M</td>
<td>2003</td>
<td>Senior Vice President, Cloud Intelligence Group</td>
</tr>
<tr>
<td>Winnie Jia WEN (闻佳)</td>
<td>46</td>
<td>F</td>
<td>2007</td>
<td>President, Public Affairs;</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Director, Digital Media and Entertainment Group</td>
</tr>
<tr>
<td>Maggie Wei WU (武卫)</td>
<td>55</td>
<td>F</td>
<td>2007</td>
<td>Director;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Digital Media and Entertainment Group</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Eddie Yongming WU (吴泳铭)†*</td>
<td>48</td>
<td>M</td>
<td>1999</td>
<td>Chairman, Taobao and Tmall Group;</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>Director, Local Services Group;</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Alibaba International Digital Commerce Group</td>
</tr>
<tr>
<td>Zeming WU (吴泽明)</td>
<td>43</td>
<td>M</td>
<td>2004</td>
<td>Group Chief Technology Officer;</td>
</tr>
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<td></td>
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<td></td>
<td></td>
<td>Deputy Head of Alibaba DAMO Academy;</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Chief Technology Officer, Local Services Group</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Cloud Intelligence Group;</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>Director, Taobao and Tmall Group;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Director, Local Services Group;</td>
</tr>
<tr>
<td>Sara Siying YU (俞思瑛)</td>
<td>48</td>
<td>F</td>
<td>2005</td>
<td>Group General Counsel</td>
</tr>
<tr>
<td>Yongfu YU (俞永福)</td>
<td>46</td>
<td>M</td>
<td>2007</td>
<td>Chairman and Chief Executive Officer, Local Services Group</td>
</tr>
<tr>
<td>Name</td>
<td>Age</td>
<td>Gender</td>
<td>Year Joined Alibaba Group</td>
<td>Current position with Alibaba Group</td>
</tr>
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<td>-----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Jeff Jianfeng ZHANG (张建锋)</td>
<td>50</td>
<td>M</td>
<td>2004</td>
<td>Head of Alibaba DAMO Academy</td>
</tr>
<tr>
<td>Daniel Yong ZHANG (张勇)†*</td>
<td>51</td>
<td>M</td>
<td>2007</td>
<td>Group Chairman and Chief Executive Officer; Chairman and Chief Executive Officer, Cloud Intelligence Group</td>
</tr>
<tr>
<td>Jessie Junfang ZHENG (郑俊芳)</td>
<td>49</td>
<td>F</td>
<td>2010</td>
<td>Director and Chief Risk Officer, Cloud Intelligence Group</td>
</tr>
<tr>
<td>Shunyan ZHU (朱顺炎)</td>
<td>52</td>
<td>M</td>
<td>2014</td>
<td>Chairman and Chief Executive Officer, Alibaba Health; Director, Local Services Group</td>
</tr>
</tbody>
</table>

† Member of the partnership committee.

* Effective September 10, 2023, Joe Tsai will succeed Daniel Zhang as Group Chairman and Eddie Wu will succeed Daniel Zhang as Group Chief Executive Officer.

**Retirement and Removal**

Partners may elect to retire from the partnership at any time. All partners except continuity partners are required to retire upon reaching the age of sixty or upon termination of their qualifying employment. Jack Ma and Joe Tsai are designated as continuity partners, who may remain partners until they reach the age of seventy (and this age limit may be extended by a majority votes of all partners), elect to retire from the partnership, die or are incapacitated or are removed as partners. Any partner, including continuity partners, may be removed upon the vote of a simple majority of all partners present at a duly-called meeting of partners for violations of certain standards set forth in the partnership agreement, including failure to actively promote our mission, vision and values, fraud, gross misconduct or gross negligence. As with other partners, continuity partners must maintain the shareholding levels required by us of all partners as described below. Partners who retire from the partnership upon meeting certain age and service requirements may be designated as honorably retired partners by the partnership committee. Honorably retired partners may not act as partners, but may be entitled to allocations from the deferred portion of the annual cash bonus pool described below as post-retirement payments. Continuity partners will not be eligible to receive allocations from the annual cash bonus pool if they cease to be our employees even if they remain partners, but may be entitled to receive allocations from the deferred bonus pool if they are honorably retired partners.

**Restrictive Provisions**

Under our Articles of Association, in connection with any change of control, merger or sale of our company, the partners and other holders of our ordinary shares shall receive the same consideration with respect to their ordinary shares in connection with any of these types of transactions. In addition, our Articles provide that the Alibaba Partnership may not transfer or otherwise delegate or give a proxy to any third-party with respect to its right to nominate directors, although it may elect not to exercise its rights in full. In addition, as noted above, our Articles also provide that the amendment of certain provisions of the Alibaba Partnership agreement relating to the purpose of the partnership or the manner in which the partnership exercises its rights to nominate or appoint a majority of our board of directors will require the approval of a majority of directors who are not appointees of the Alibaba Partnership and are “independent directors” within the meaning of Section 303A of the NYSE Listed Company Manual.

**Amendment of Alibaba Partnership Agreement**

Pursuant to the partnership agreement, amendment of the partnership agreement requires the approval of 75% of the partners in attendance at a meeting of the partners at which not less than 75% of all the partners are in attendance, except that the general partner may effect certain administrative amendments. In addition, certain amendments relating to the purposes of the Alibaba Partnership or the manner in which it exercises its nomination rights with respect to our directors require the approval of a majority of our independent directors not nominated or appointed by the Alibaba Partnership.

**Alibaba Group Equity Interest Holding Requirements for Partners**

Each of the partners holds his or her equity interests in our company directly as an individual or through his or her affiliates. Each partner is required to enter into share retention agreement with us. These agreements provide that a period of three years from the date on which a person becomes a partner, which ranges from January 2014 to June 2023 for our existing partners, we require that each partner retain at least 60% of the equity interests (including shares underlying vested and unvested awards) that he or she held on the starting date of the three-year period. Following the initial three-year holding period and for so long as he or she remains a partner, we
require that the partner retain at least 40% of the equity interests (including shares underlying vested and unvested awards) that he or she held on the starting date of the initial three-year holding period. Exceptions to the holding period rules described in the share retention agreements must be approved by a majority of the independent directors.

**Weighted Voting Rights (WVR) Structure**

We have one class of Shares, and each holder of our Shares is entitled to one vote per Share. Pursuant to our Articles of Association, the Alibaba Partnership has the exclusive right to nominate or, in limited situations, appoint, up to a simple majority of the members of our board of directors. These rights are categorized as a weighted voting rights structure, or WVR structure, under the Hong Kong Listing Rules. As a result, we are deemed as a company with a WVR structure. For further information about the risks associated with our WVR structure, see “Item 3. Key Information — D. Risk Factors — Risks Related to Our Corporate Structure.”

**B. Compensation**

**Compensation of Directors and Executive Officers**

For fiscal year 2023, we paid and accrued aggregate fees, salaries and benefits (excluding share-based awards) of approximately RMB267 million (US$39 million) and granted share-based awards to acquire an aggregate of 13,087,200 ordinary shares of our company (equivalent to 1,635,900 ADSs) as well as share-based awards of our subsidiaries with an aggregate value of approximately RMB53 million (US$8 million) to our directors and executive officers. In addition, Junhan and Ant Group also granted share-based awards to our directors and executive officers with an aggregate value of approximately RMB78 million (US$11 million), the costs of which we agreed to settle with Junhan and Ant Group upon vesting of these awards. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Agreements and Transactions Related to Ant Group and Its Subsidiaries — Our Commercial Arrangements with Ant Group and Alipay — Share-based Award Arrangements.”

Our board of directors, acting on the recommendation of our compensation committee, approves an annual cash bonus pool for our management, calculated based on a percentage of our adjusted pretax operating profits. Once the annual cash bonus pool is calculated, our compensation committee determines the proportion allocated and payable to our management for the year, and approves the amount of individual cash bonus payable to our executive officers and directors and members of the partnership committee. The remaining portion of the annual cash bonus pool is available for the partners and may, upon the approval of our compensation committee, be deferred, and used as determined by the partnership committee, with any amounts payable to our executive officers or directors or members of the partnership committee individually be also subject to approval of the compensation committee of our board of directors.

The board, acting on the recommendation of our compensation committee, may determine the remuneration to be paid to non-employee directors. We do not provide employee directors with any additional remuneration for serving as directors other than their remuneration as our employees. Pursuant to our service agreements with our directors, neither we nor our subsidiaries provide benefits to directors upon termination of employment. We do not separately set aside any amounts for pensions, retirement or other benefits for our executive officers, other than pursuant to relevant statutory requirements. Management members who are partners of the Alibaba Partnership may receive retirement payments from the deferred portion of the annual cash bonus pool available to the Alibaba Partnership.

For information regarding share-based awards granted to our directors and executive officers, see “— Equity Incentive Plan” below.

**Employment Agreements**

We have entered into employment agreements with each of our executive officers. We may terminate their employment at any time, with cause, and we are not required to provide any prior notice of the termination. We may also terminate their employment in circumstances prescribed under and in accordance with the requirements of applicable labor law, including but not limited to notice and payment in lieu of notice. Executive officers may terminate their employment with us at any time upon written notice. Although our employment agreements with our executive officers do not provide for severance pay, where severance pay is mandated by law, our executive officers will be entitled to severance pay in the amount mandated by law or in accordance with our policy when his or her employment is terminated. We have been advised by our PRC counsel, Fangda Partners, that we may be required to make severance payments upon termination without cause to comply with the PRC Labor Law, the PRC Labor Contract Law and other relevant PRC regulations, which entitle employees to severance payments in case of early termination of “de facto employment relationships” by PRC entities without statutory cause regardless of whether there exists a written employment agreement with these entities.
Our award agreements under our equity incentive plan also contain, among other rights, restrictive covenants that enable us to terminate grants, forfeit and cancel shares or, if applicable, repurchase shares at the original purchase price or the exercise price paid for the shares in the event of a grantee’s termination for cause or for breaching of these covenants. See “— Equity Incentive Plan” below.

**Equity Incentive Plan**

Our 2014 Post-IPO Equity Incentive Plan, or the 2014 Plan (which we adopted in September 2014, amended and restated in February 2020 to reflect the Share Split and other administrative changes, and further amended and restated in May 2022 to reflect administrative changes) provides for the granting of share-based awards to eligible grantees. Share-based awards granted are generally subject to a four-year vesting schedule as determined by the plan administrator. Depending on the nature and the purpose of the grant, share-based awards in general vest 25% or 50% upon the first or second anniversary of the vesting commencement date, respectively, as provided in the award agreements, and 25% every year thereafter. Share-based awards granted to certain management members are subject to a vesting period of up to ten years. We believe share-based awards are vital to attract, motivate and retain the grantees, and are the appropriate tool to align their interests with our shareholders. Accordingly, we will continue to grant share-based awards to the employees, consultants and directors of our company, our affiliates and/or certain other companies as an important part of their compensation packages.

In addition, our award agreements generally provide that, in the event of a grantee’s termination for cause (including any commission of an act of fraud, dishonesty or ethical breach) or violation of a non-competition undertaking, we will have the right to terminate or cancel grants, forfeit the shares acquired by the grantee or, if applicable, repurchase the shares acquired by the grantee, generally at the original purchase price or the exercise price paid for the shares.

As of March 31, 2023, under the 2014 Plan, there were:

- 490,305,632 ordinary shares (equivalent to 61,288,204 ADSs) issuable upon vesting of outstanding RSUs;
- 57,034,672 ordinary shares (equivalent to 7,129,334 ADSs) issuable upon exercise of outstanding options; and
- 305,164,328 ordinary shares (equivalent to 38,145,541 ADSs) authorized for issuance but unissued.

In addition, during the term of the 2014 Plan, starting from April 1, 2015 and on each anniversary thereof, an additional amount equal to the lesser of 200,000,000 ordinary shares (equivalent to 25,000,000 ADSs) and such lesser number of ordinary shares as is determined by our board of directors will be included in the shares available for issuance under the 2014 Plan.

The following paragraphs summarize other key terms of the 2014 Plan:

**Plan Administration**

Subject to certain limitations, the 2014 Plan is generally administered by the compensation committee of the board (or a subcommittee thereof), or another committee of the board to which the board has delegated power to act; provided that, in the absence of any committee, the 2014 Plan will be administered by the board. Grants to any executive directors of the board must be approved by the disinterested directors of our board.

**Types of Awards**

RSUs, incentive and non-statutory stock options, restricted shares, dividend equivalents, share appreciation rights, share payments and other rights or interests may be granted under the 2014 Plan.

**Award Agreements**

Generally, awards granted under the 2014 Plans are evidenced by an award agreement providing for the number of ordinary shares subject to the award, and the terms and conditions of the award, which must be consistent with the plan.
**Eligibility**

Any employee, consultant or director of our company, our affiliates or certain other companies, is eligible to receive awards under the 2014 Plan, but only employees of our company, our affiliates and/or certain other companies, are eligible to receive incentive stock options.

**Term of Awards**

The term of awards granted under the 2014 Plan are generally not to exceed ten years from the date of grant.

**Acceleration, Waiver and Restrictions**

The plan administrator has sole discretion in determining the terms and conditions of any award, any vesting acceleration or waiver of forfeiture restrictions, and any restrictions regarding any award or the ordinary shares relating thereto.

**Change in Control**

If a change in control of our company occurs, the plan administrator may, in its sole discretion:

- accelerate the vesting, in whole or in part, of any award;
- purchase any award for an amount of cash or ordinary shares of our company equal to the value that could have been attained upon the exercise of the award or the realization of the plan participant’s rights had the award been currently exercisable or payable or fully vested; or
- provide for the assumption, conversion or replacement of any award by the successor corporation, or a parent or subsidiary of the successor corporation, with other rights or property selected by the plan administrator in its sole discretion, or the assumption or substitution of the award by the successor or surviving corporation, or a parent or subsidiary of the surviving or successor corporation, with appropriate adjustments as to the number and kind of shares and prices as the plan administrator deems, in its sole discretion, reasonable, equitable and appropriate.

**Amendment and Termination**

Unless earlier terminated, the 2014 Plan continues in effect for a term of ten years. The board may at any time terminate or amend the 2014 Plan in any respect, including amendment of any form of any award agreement or instrument to be executed, provided, however, that to the extent necessary and desirable to comply with applicable laws or stock exchange rules, shareholder approval of any amendment to the 2014 Plan shall be obtained in the manner and to the degree required.
**Share-based Awards Held by Our Directors and Officers**

The following table summarizes the outstanding RSUs and options held as of March 31, 2023 by our directors and executive officers, as well as by their affiliates, under our equity incentive plan.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of outstanding RSUs/options granted</th>
<th>Exercise price (US$ per RSU/option granted)</th>
<th>Shares underlying outstanding RSUs/options granted</th>
<th>Date of grant</th>
<th>Date of expiration</th>
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</tbody>
</table>

* The shares underlying the outstanding RSUs and options held by each of these directors and executive officers and their affiliates represent less than 1% of our total outstanding shares.

(1) Represents RSUs.

(2) Represents options.

C. Board Practices

Nomination and Terms of Directors

Pursuant to our Articles of Association, our board of directors is classified into three classes of directors designated as Group I, Group II and Group III, each generally serving a three-year term unless earlier removed. The Group I directors currently consist of Joe Tsai, J. Michael Evans, Weijian Shan and Irene Yun-Lien Lee; the Group II directors currently consist of Daniel Zhang, Jerry Yang, Wan Ling Martello and Albert Kong Ping Ng; and the Group III directors currently consist of Maggie Wu and Kabir Misra. The terms of office of the current Group I, Group II and Group III directors will expire, respectively, at our 2024 annual general meeting, 2025 annual general meeting and 2023 annual general meeting. Unless otherwise determined by the shareholders in a general meeting, our board will consist of not less than nine directors. The Alibaba Partnership has the exclusive right to nominate up to a simple majority of our board of directors. If at any time our board of directors consists of less than a simple majority of directors nominated or appointed by the Alibaba Partnership for any reason, including because a director previously nominated by the Alibaba Partnership ceases to be a member of our board of directors or because the Alibaba Partnership had previously not exercised its right to nominate
or appoint a simple majority of our board of directors, the Alibaba Partnership shall be entitled (in its sole discretion) to appoint such number of additional directors to the board as necessary to ensure that the directors nominated or appointed by the Alibaba Partnership comprise a simple majority of our board of directors. The remaining members of the board of directors will be nominated by the nominating and corporate governance committee of the board. Director nominees will be elected by the simple majority vote of shareholders at our annual general meeting.

If a director nominee is not elected by our shareholders or departs our board of directors for any reason, the party or group entitled to nominate that director has the right to appoint a different person to serve as an interim director of the class in which the vacancy exists until our next scheduled annual general meeting of shareholders. At the next scheduled annual general meeting of shareholders, the appointed interim director or a replacement director nominee (who, in the case of Alibaba Partnership nominees, cannot be the original nominee) will stand for election for the remainder of the term of the class of directors to which the original nominee would have belonged.

For additional information, see “Item 6. Directors, Senior Management and Employees — A. Directors and Senior Management — Alibaba Partnership.”

**Code of Ethics and Corporate Governance Guidelines**

We have adopted a code of ethics, which is applicable to all of our directors, executive officers and employees. Our code of ethics is publicly available on our website.

In addition, our board of directors has adopted a set of corporate governance guidelines covering a variety of matters, including approval of related party transactions. Our corporate governance guidelines also provide that any adoption of a new equity incentive plan and any material amendments to those plans will be subject to the approval of our non-executive directors. The guidelines reflect certain guiding principles with respect to our board’s structure, procedures and committees. The guidelines are not intended to change or interpret any applicable law, rule or regulation or our Articles of Association.

**Duties of Directors**

Under Cayman Islands law, all of our directors owe us fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in good faith and in a manner they believe to be in our best interests. Our directors also have a duty to exercise the skill they actually possess and the care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our Articles of Association, as amended and restated from time to time. We have the right to seek damages if a duty owed by any of our directors is breached.

**Board Committees**

Our board of directors has established an audit committee, a compensation committee, a nominating and corporate governance committee, a sustainability committee, a compliance and risk committee and a capital management committee. A majority of the members of our compensation committee, nominating and corporate governance committee and compliance and risk committee shall be independent directors within the meaning of Section 303A of the NYSE Listed Company Manual. At least one member of our sustainability committee shall be an independent director within the meaning of Section 303A of the NYSE Listed Company Manual. All members of our audit committee are independent within the meaning of Section 303A of the NYSE Listed Company Manual and meet the criteria for independence set forth in Rule 10A-3 of the U.S. Exchange Act.

**Audit Committee**

Our audit committee currently consists of Albert Ng, Wan Ling Martello and Weijian Shan. Mr. Ng is the chairman of our audit committee. Mr. Ng satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Mr. Ng, Ms. Martello and Mr. Shan satisfy the requirements for an “independent director” within the meaning of Section 303A of the NYSE Listed Company Manual and meet the criteria for independence set forth in Rule 10A-3 of the U.S. Exchange Act.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is responsible for, among other things:

- selecting, and evaluating the qualifications, performance and independence of, the independent auditor;
• pre-approving or, as permitted, approving auditing and non-auditing services permitted to be performed by the independent auditor;

• considering the adequacy of our internal accounting controls and audit procedures;

• reviewing with the independent auditor any audit problems or difficulties and management’s response;

• reviewing and approving related party transactions between us and our directors, senior management and other persons specified in Item 6B of Form 20-F as required by the U.S. Exchange Act;

• reviewing and discussing the quarterly financial statements and annual audited financial statements with management and the independent auditor;

• establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;

• meeting separately, periodically, with management, internal auditors and the independent auditor; and

• reporting regularly to the full board of directors.

Compensation Committee
Our compensation committee currently consists of Jerry Yang, Albert Ng and Kabir Misra. Mr. Yang is the chairman of our compensation committee. Mr. Yang, Mr. Ng and Mr. Misra satisfy the requirements for an “independent director” within the meaning of Section 303A of the NYSE Listed Company Manual.

Our compensation committee is responsible for, among other things:

• determining the proportion of annual cash bonus pool allocated and payable to our management for the year and determining the amount of cash bonus payable to our executive officers and directors and members of the partnership committee;

• reviewing, evaluating and, if necessary, revising our overall compensation policies;

• reviewing and evaluating the performance of our directors and executive officers and determining the compensation of our directors and executive officers;

• reviewing and approving our executive officers’ employment agreements with us;

• determining performance targets for our executive officers with respect to our incentive compensation plan and share-based compensation plans;

• administering our share-based compensation plans in accordance with the terms thereof; and

• carrying out other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

Nominating and Corporate Governance Committee
Our nominating and corporate governance committee currently consists of Irene Lee, Joe Tsai and Jerry Yang. Ms. Lee is the chairwoman of our nominating and corporate governance committee. Ms. Lee and Mr. Yang satisfy the “independence” requirements of Section 303A of the NYSE Listed Company Manual.

Our nominating and corporate governance committee is responsible for, among other things:

• selecting the board nominees (other than the director nominees to be nominated by the Alibaba Partnership) for election by the shareholders or appointment by the board;
• periodically reviewing with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;

• making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and

• advising the board periodically with regards to significant developments in corporate governance law and practices as well as our compliance with applicable laws and regulations, and making recommendations to the board on corporate governance matters.

**Sustainability Committee**

Our sustainability committee currently consists of Jerry Yang, Joe Tsai and Maggie Wu. Mr. Yang is the chairman of our sustainability committee. Mr. Yang satisfies the “independence” requirements of Section 303A of the NYSE Listed Company Manual.

Our sustainability committee is responsible for, among other things:

• assisting the board in identifying and evaluating the company’s ESG opportunities and risks;

• overseeing an evaluating the implementation and performance of ESG initiatives and projects; and

• advising the board on ESG-related legal, regulatory and compliance developments and public policy trends.

**Compliance and Risk Committee**

Our compliance and risk committee currently consists of Irene Lee, Albert Ng, Kabir Misra, Daniel Zhang and J. Michael Evans. Ms. Lee is the chairwoman of our compliance and risk committee. Ms. Lee, Mr. Ng and Mr. Misra satisfy the “independence” requirements of Section 303A of the NYSE Listed Company Manual.

Our compliance and risk committee is responsible for, among other things:

• overseeing our overall compliance and risk management requirements and issuing overall compliance and risk management framework;

• evaluating key risk exposures and vulnerabilities and oversee the implementation of compliance and risk policies and procedures; and

• assessing the performance of members of management responsible for compliance and risk, and advise our compensation committee to align the compensation of the chief executive officers of our subsidiary businesses with performance on compliance and risk.

**Capital Management Committee**

Our capital management committee currently consists of Daniel Zhang, Joe Tsai, J. Michael Evans and Maggie Wu. Mr. Zhang is the chairman of our capital management committee.

Our capital management committee is responsible for, among other things:

• establishing and overseeing the implementation of our overall capital management and allocation plan; and

• reviewing and advising our board, or approving based on authorization by our board, significant capital-related transactions and undertakings by us and our subsidiary businesses.

**D. Employees**

As of March 31, 2021, 2022 and 2023, we had a total of 251,462, 254,941 and 235,216 full-time employees, respectively. A substantial majority of our employees are based in China.

We believe that we have a good working relationship with our employees and we have not experienced any significant labor disputes.
### E. Share Ownership

For information regarding the share ownership of our directors and officers, see “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.” For information as to stock options granted to our directors, executive officers and other employees, see “Item 6. Directors, Senior Management and Employees — B. Compensation — Equity Incentive Plan.”

### F. Disclosure of a registrant’s action to recover erroneously awarded compensation

Not applicable.

### ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

#### A. Major Shareholders

The following table sets forth information with respect to beneficial ownership of our ordinary shares as of July 12, 2023, except otherwise noted, by:

- each of our directors and executive officers;
- our directors and executive officers as a group; and
- each person known to us to beneficially own 5% or more of our ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes the power to direct the voting or the disposition of the securities or to receive the economic benefit of the ownership of the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included Shares underlying the ADSs and Shares in CCASS held by the person. We have also included Shares that the person has the right to acquire within 60 days of this annual report, including through the vesting of RSUs and options. These Shares, however, are not included in the computation of the percentage ownership of any other person. The calculations of percentage ownership in the table below are based on 20,374,238,040 ordinary shares (equivalent to 2,546,779,755 ADSs) outstanding as of July 12, 2023.

<table>
<thead>
<tr>
<th>Name</th>
<th>Beneficial ownership (Ordinary shares)</th>
<th>Beneficial ownership (AD斯)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors and Executive Officers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daniel Yong ZHANG</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Joseph C. TSAI(1)</td>
<td>281,675,752</td>
<td>35,209,469</td>
<td>1.4%</td>
</tr>
<tr>
<td>J. Michael EVANS</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Maggie Wei WU</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Jerry YANG</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Wan Ling MARTELLO</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Weijian SHAN</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Irene Yun-Lien LEE</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Albert Kong Ping NG</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Kabir MISRA</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Toby Hong XU</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Jane Fang JIANG</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Zeming WU</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Sara Siying YU</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Trudy Shan DAI</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Yongfu YU</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Fan JIANG</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Lin WAN</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Luyuan FAN</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>All directors and executive officers as a group</td>
<td>447,894,628</td>
<td>55,986,829</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Greater than 5% Beneficial Owners:

<table>
<thead>
<tr>
<th>Name</th>
<th>Beneficial ownership (Ordinary shares)</th>
<th>Beneficial ownership (AD斯)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoftBank(2)</td>
<td>2,839,209,112</td>
<td>354,901,139</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

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Notes:

* This person beneficially owns less than 1% of our outstanding ordinary shares.

(1) Represents (i) 443,736 ordinary shares held directly by Joe Tsai, (ii) 20,307,176 ordinary shares held by Joe and Clara Tsai Foundation Limited, a company incorporated under the law of the Island of Guernsey with its registered address at PO Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4HP, that has granted Joe Tsai a revocable proxy over these shares and which is wholly-owned by Joe and Clara Tsai Foundation, (iii) 147,385,672 ordinary shares held by Parufam Limited, a Bahamas corporation with its registered address at 303 Shirley Street, P.O. Box N-492, Nassau, The Bahamas, and over which, Joe Tsai, as a director of Parufam Limited, has been delegated sole voting and disposition power and (iv) 113,539,168 ordinary shares held by PMH Holding Limited, a British Virgin Islands corporation with its registered address at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands, and over which, Joe Tsai, as sole director of PMH Holding Limited, has voting and dispositive power. Joe Tsai does not have any pecuniary interests in the 20,307,176 ordinary shares held by Joe and Clara Tsai Foundation Limited. Joe Tsai’s business address is 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong S.A.R., the People’s Republic of China.

(2) Represents ordinary shares owned indirectly by SoftBank Group Corp., with its registered office at 1-7-1, Kaigan, Minato-Ku, Tokyo, 105-7537, Japan. These ordinary shares are beneficially owned via direct or indirect subsidiaries of SoftBank Group Corp. As of July 12, 2023, none of the subsidiaries of SoftBank Group Corp. holding our ordinary shares beneficially owned more than 5% of our outstanding ordinary shares. According to public disclosure by SoftBank, SoftBank has entered into forward contracts using our shares.

(3) Each ADS represents eight Shares.

We have one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share.

As of July 12, 2023, 20,374,238,040 of our ordinary shares (equivalent to 2,546,779,755 ADSs) were outstanding. To our knowledge, 6,571,492,864 ordinary shares (equivalent to 821,436,608 ADSs), representing approximately 32.3% of our total outstanding shares, were held by 184 record shareholders with registered addresses in the United States, including brokers and banks that hold securities in street name on behalf of their customers. We are not aware of any arrangement that may at a subsequent date, result in a change of control of our company.

B. Related Party Transactions

Our Related Party Transaction Policy

In order to prevent risks of conflicts of interest or the appearance of conflicts of interest, all of our directors and employees are subject to our code of business conduct and other policies which require, among other things, that any potential transaction between us and an employee or director, their relatives and closely connected persons and certain entities in which they, their relatives or closely connected persons have an interest be approved in writing by an appropriate supervisor or compliance officer.

We have also adopted a related party transaction policy to which all of our directors, senior management and other key management personnel, all close family members (as defined in the policy) of the foregoing individuals, Ant Group and its subsidiaries as well as the Alibaba Partnership and certain other related entities are subject. Related party transactions defined under this policy, as required by Form 20-F, include transactions with our directors, senior management and major shareholders and their affiliates, as well as transactions with parties that do not pose risks of conflicts of interest, such as transactions with our investee companies that are not otherwise affiliated with any of the foregoing individuals. This policy is intended to supplement the procedures set forth in our code of business conduct and our other corporate governance policies and does not exempt any person from more restrictive provisions that may exist in our existing procedures and policies.

This related party transaction policy provides, among other things, that, unless otherwise pre-approved by our board of directors:

- each related party transaction, and any material amendment or modification to a related party transaction, shall be adequately disclosed to, and reviewed and approved or ratified by, our audit committee or any committee composed solely of disinterested independent directors or by the disinterested members of such committee; and
- any employment relationship or similar transaction involving our directors or senior management and any related compensation shall be approved by the disinterested members of our compensation committee or recommended by the disinterested members of the compensation committee to our board for its approval.

Our related party transaction policy, code of business conduct and our other corporate governance policies are subject to periodic review and revision by our board.

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### Summary of Major Related Party Transactions

We have entered into various commercial arrangements with certain of our investees, Ant Group and its affiliates, pursuant to which we receive and provide certain services to these parties. See “— Commercial Arrangements with Investees and Ant Group and Its Affiliates.” In addition, as disclosed in greater detail in the following paragraphs, we have entered into or continued certain major related party transactions in fiscal years 2021, 2022 and 2023, which are summarized in the table below.

<table>
<thead>
<tr>
<th>Related Party</th>
<th>Transaction Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoftBank</td>
<td>• Amended voting agreement among us, Joe Tsai and SoftBank, and, solely for limited purposes, Jack Ma, which, among others, provides that SoftBank has the right to nominate a director, and that Softbank and Joe Tsai will vote their shares in favor of Alibaba Partnership director nominees and the Softbank director nominee, respectively. Softbank's director nomination right and the voting arrangement have effectively terminated.</td>
</tr>
<tr>
<td></td>
<td>• Various investments involving SoftBank.</td>
</tr>
<tr>
<td>Ant Group and its affiliates</td>
<td>• The SAPA, which was amended in 2018, 2019, 2020 and 2022, pursuant to which we received a 33% equity interest (on a fully diluted basis) in Ant Group, and which sets forth, among other things, our rights in Ant Group.</td>
</tr>
<tr>
<td></td>
<td>• The Alipay commercial agreement, pursuant to which Alipay provides payment and escrow services to us.</td>
</tr>
<tr>
<td></td>
<td>• The 2014 IPLA, an amendment to which was subsequently entered into in 2019 upon our receipt of the 33% equity interest (on a fully diluted basis) in Ant Group, or the Amended IPLA, provides that we and our subsidiaries license to Ant Group and/or its subsidiaries certain intellectual property rights and provide various software technology services, and, prior to our receipt of the 33% equity interest (on a fully diluted basis) in Ant Group, Ant Group paid us profit share payments; pursuant to the SAPA, a cross-license agreement was entered into in September 2019 upon our receipt of the 33% equity interest (on a fully diluted basis) in Ant Group.</td>
</tr>
<tr>
<td></td>
<td>• We and Ant Group cooperate with each other with respect to the enforcement of each other’s rights and the provision of certain financial services to our customers and merchants in connection with the SME loan business.</td>
</tr>
<tr>
<td></td>
<td>• We granted Ant Group a license for it to continue to use certain trademarks and domain names.</td>
</tr>
<tr>
<td></td>
<td>• Various investments involving Ant Group.</td>
</tr>
<tr>
<td></td>
<td>• We have granted share-based awards to employees of Ant Group; Junhan, a major equity holder of Ant Group, and Ant Group have granted share-based awards to our employees. We, Junhan and Ant Group agreed to settle with each other the cost associated with certain share-based awards granted to each other’s employees upon vesting.</td>
</tr>
<tr>
<td>Our executive vice chairman</td>
<td>• We agreed to assume the cost of maintenance, crew and operation of personal aircraft of our executive vice chairman where the cost is allocated for business purposes.</td>
</tr>
<tr>
<td>Investment funds affiliated with Jack Ma</td>
<td>• Various investments involving the Yunfeng Funds, investment funds affiliated with Jack Ma.</td>
</tr>
<tr>
<td>Jack Ma</td>
<td>• Jack Ma, formerly one of our directors made certain commitments to us relating to his interest in Ant Group, the Yunfeng Funds and other entities.</td>
</tr>
<tr>
<td>Investees</td>
<td>• We extended loans to and provided a guarantee for certain of our investees.</td>
</tr>
<tr>
<td>Variable interest entities and variable interest entity equity holders</td>
<td>• We operate certain of our businesses in China through contractual arrangements between our relevant subsidiaries, the variable interest entities and variable interest entity equity holders.</td>
</tr>
<tr>
<td>Directors and executive officers</td>
<td>• We entered into indemnification agreements with our directors and executive officers.</td>
</tr>
<tr>
<td></td>
<td>• We entered into employment agreements with our directors and executive officers.</td>
</tr>
<tr>
<td></td>
<td>• We grant equity incentive awards to our directors and executive officers.</td>
</tr>
</tbody>
</table>
Commercial Arrangements with Investees and Ant Group and Its Affiliates

The following table summarizes the services fees paid to Ant Group and its affiliates in fiscal years 2021, 2022 and 2023.

<table>
<thead>
<tr>
<th>Related Party</th>
<th>Transaction</th>
<th>2021 (in millions)</th>
<th>2022 (in millions)</th>
<th>2023 (in millions)</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ant Group and its affiliates</td>
<td>Payment processing and escrow services fee</td>
<td>10,598</td>
<td>11,824</td>
<td>12,484</td>
<td>1,818</td>
</tr>
<tr>
<td></td>
<td>Administrative and support services</td>
<td>218</td>
<td>161</td>
<td>230</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Marketplace software technology services fee and others(1)</td>
<td>4,291</td>
<td>3,381</td>
<td>2,041</td>
<td>297</td>
</tr>
</tbody>
</table>

Note:

(1) Marketplace software technology services fee and others primarily relates to marketing support services in connection with our retail marketplaces.

Certain of our investees have entered into commercial arrangements with us in connection with certain logistics services they provide to us. In fiscal years 2021, 2022 and 2023, we incurred costs and expenses of RMB11,068 million, RMB13,120 million and RMB14,750 million (US$2,148 million), respectively, for these logistics services. In fiscal year 2023, these costs and expenses accounted for 1.9% of our costs and expenses.

Certain of our investees have also entered into commercial arrangements with us in connection with certain marketing services they provide to our business. In fiscal years 2021, 2022 and 2023, we incurred costs and expenses of RMB1,394 million, RMB976 million and RMB382 million (US$56 million), respectively, for these marketing services. In fiscal year 2023, these costs and expenses accounted for 0.1% of our costs and expenses.

Other than the foregoing, the aggregate service fees we paid to other related parties accounted for less than 1% of total costs and expenses in each of fiscal years 2021, 2022 and 2023.

The following table summarizes the services fees received from Ant Group and its affiliates in fiscal years 2021, 2022 and 2023.

<table>
<thead>
<tr>
<th>Related Party</th>
<th>Transaction</th>
<th>2021 (in millions)</th>
<th>2022 (in millions)</th>
<th>2023 (in millions)</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ant Group and its affiliates</td>
<td>Annual fee for SME loan business(1)</td>
<td>954</td>
<td>708</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td></td>
<td>Administrative and support services</td>
<td>1,208</td>
<td>1,165</td>
<td>565</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Cloud services fee</td>
<td>3,916</td>
<td>5,536</td>
<td>8,409</td>
<td>1,224</td>
</tr>
<tr>
<td></td>
<td>Marketplace software technology services fee and others(1)</td>
<td>2,427</td>
<td>2,358</td>
<td>2,831</td>
<td>412</td>
</tr>
</tbody>
</table>

Note:

(1) Pursuant to our agreement with Ant Group, we received these annual fees for a term of seven years, commencing in 2015 and ending in 2021.

We have entered into commercial arrangements with certain of our investees related to logistics services. In fiscal years 2021, 2022 and 2023, we recognized revenue of RMB1,732 million, RMB1,728 million and RMB1,140 million (US$166 million), respectively, in connection with these logistics services. In fiscal year 2023, this revenue accounted for 0.1% of our revenue.

We have also entered into commercial arrangements with certain of our investees related to cloud services. In fiscal years 2021, 2022 and 2023, we recognized revenue of RMB2,411 million, RMB1,826 million and RMB1,462 million (US$213 million), respectively, for these cloud services. In fiscal year 2023, this revenue accounted for 0.2% of our revenue.
Other than the related party transactions summarized above, the aggregate payments we received from other related parties accounted for less than 1% of total revenue in each of the fiscal years 2021, 2022 and 2023.

Transactions and Agreements with SoftBank

Based on our understanding of SoftBank’s forward contracts using our Shares, SoftBank controls less than 10% of the voting interest in our company. In addition, SoftBank no longer nominates a director to our board of directors, as further discussed below. Accordingly, we no longer consider SoftBank as a related party.

Amended Voting Agreement

We entered into a voting agreement, which was amended and restated in December 2021, or the amended voting agreement. The terms of the amended voting agreement, by and among us, Joe Tsai and SoftBank, and, solely for limited purposes, Jack Ma, provides, amongst other things, that for so long as SoftBank owns 15% or more of our outstanding shares, SoftBank has the right to nominate one director to our board of directors, SoftBank will vote their shares in favor of Alibaba Partnership director nominees and Joe Tsai will vote his shares in favor of the SoftBank director nominee. As of December 31, 2022, as reported in their Schedule 13G/A, filed on February 14, 2023, SoftBank beneficially owned 13.7% of our outstanding shares, and accordingly, their director nomination right and the voting arrangements have effectively terminated.

Investments Involving SoftBank

We have invested in businesses in which SoftBank or one or more of its affiliates is a shareholder or co-invested with SoftBank or one or more of its affiliates in other businesses. SoftBank has also invested in businesses in which we are shareholders. We may continue to co-invest with SoftBank, invest in businesses in which SoftBank is already an existing investor, and may also bring SoftBank as an investor into new businesses or businesses in which we are an existing investor.

Agreements and Transactions Related to Ant Group and Its Subsidiaries

Ownership of Ant Group and Alipay

We originally established Alipay in December 2004 to operate our payment services business. In June 2010, the PBOC issued new regulations that required non-bank payment companies to obtain a license in order to operate in China. These regulations provided specific guidelines for license applications only for domestic PRC-owned entities. These regulations stipulated that, in order for any foreign-invested payment company to obtain a license, the scope of business, the qualifications of any foreign investor and any level of foreign ownership would be subject to future regulations to be issued, which in addition would require approval by the State Council of the PRC. Furthermore, these regulations required that any payment company that failed to obtain a license must cease operations by September 1, 2011. Although Alipay was prepared to submit its license application in early 2011, at that time the PBOC had not issued any guidelines applicable to license applications for foreign-invested payment companies. In light of the uncertainties relating to the license qualification and application process for a foreign-invested payment company, our management determined that it was necessary to restructure Alipay as a company wholly-owned by PRC citizens in order to avail Alipay of the specific licensing guidelines applicable only to domestic PRC-owned entities. Accordingly, we divested all of our interest in and control over Alipay in 2011, which resulted in deconsolidation of Alipay from our financial statements. This action enabled Alipay to obtain a payment business license in May 2011 without delay and without any detrimental impact to our China retail marketplaces or to Alipay.

Following the divestment of our interest in and control over Alipay, effective in the first calendar quarter of 2011, the ownership structure of Alipay’s parent entity, Ant Group, was changed so that Jack Ma held a substantial majority of the equity ownership interest in Ant Group. The ownership structure of Ant Group subsequently was further restructured. Ant Group also completed several rounds of equity financing. In September 2019, we received a newly issued 33% equity interest (on a fully diluted basis) in Ant Group following the satisfaction of the closing conditions set forth in the SAPA, as amended in 2018 and 2019. As of March 31, 2023, Junhan and Junao held approximately 31% and 22% of Ant Group’s equity interest, respectively, we held 33% and other shareholders held the remaining equity interest. The general partner of Junhan and Junao is an entity that was previously wholly-owned by Jack Ma. In August 2020, Jack Ma transferred 66% of the equity interest in such general partner entity, but retained control over the equity interests in Ant Group held by Junhan and Junao. Through an agreement with the transferees as well as the articles of association of the general partner entity, Jack Ma has control over resolutions passed at general meetings of the general partner entity that relate to the exercise of rights by Junhan and Junao as shareholders of Ant Group. On January 7, 2023, Ant Group announced that Junhan and Junao will undergo certain changes in their voting structures, pursuant to which this agreement among Jack Ma and the other shareholders of the general partner entity of Junhan and Junao will be terminated. In addition, Junhan will change its general partner to a newly established entity while Junao will keep the existing general partner entity. The changes are subject to regulatory approval. As a result of the changes, (i) Jack Ma will no longer control the majority voting interests in Ant Group held by Junhan and Junao, (ii) each of Junhan and Junao will be controlled by a separate general partner entity that is not controlled by any single person, (iii) our equity interest in Ant Group remains unchanged, and (iv) neither we nor any other shareholder will have control over Ant Group.
Economic interests of Ant Group through Junhan are owned by Jack Ma, Simon Xie and other employees and former employees of us and Ant Group and its affiliates and investee companies. These economic interests are in the form of limited partnership interests and interests similar to share appreciation rights tied to potential appreciation in the value of Ant Group. The economic interests in Junao are held in the form of limited partnership interests by certain members of the Alibaba Partnership and Ant Group's management.

We understand that it is the intention of the shareholders of Ant Group that:

- Jack Ma’s direct and indirect economic interest in Ant Group (for the avoidance of doubt, other than the equity stake in Ant Group held by our company) will be reduced over time to a percentage that does not exceed his and his affiliates’ interest in our company as of the time immediately prior to the completion of our initial public offering (the percentage of our ordinary shares Jack Ma and his affiliates beneficially owned immediately prior to the completion of our initial public offering was 8.8%) and that this reduction will be caused in a manner by which neither Jack Ma nor any of his affiliates would receive any economic benefit thereby. See “— Commitments of Jack Ma to Alibaba Group” below. We have been informed by Ant Group that the proposed reduction of Jack Ma’s economic interest is expected to be accomplished through a combination of future share-based awards to employees and dilutive issuances of equity in Ant Group, among others;

- from time to time, additional economic interests in Ant Group in the form of interests similar to share appreciation rights issued by Junhan will be transferred to employees of Ant Group and our employees; and

- Ant Group may raise equity capital from investors in the future in order to finance its business expansion, with the effect that the shareholding of Junao and Junhan in Ant Group will be reduced through dilution (the amount of dilution would depend on future valuations and the amount of equity capital to be raised).

In July 2023, we received notice from Ant Group of a shareholder meeting to approve, among other things, a proposal by Ant Group to repurchase from all of its shareholders up to 7.6% of its equity interest. We understand that any repurchased shares will be transferred into Ant Group’s equity incentive pool. As of the filing of this annual report, Ant Group's proposed share repurchase is still pending approval by its shareholders.

Our Commercial Arrangements with Ant Group and Alipay

After the divestment of our interest in and control over Alipay, we entered into a framework agreement in July 2011, or the 2011 framework agreement, with SoftBank, Altaba, Alipay, Ant Group, Jack Ma and Joe Tsai and certain of their affiliates. At the same time, we also entered into various implementation agreements that included a commercial agreement, or the Alipay commercial agreement, an intellectual property license and software technology service agreement, or the 2011 IPLA, and a shared services agreement, which together governed our financial and commercial relationships with Ant Group and Alipay.

Restructuring of Our Relationship with Ant Group and Alipay, 2019 Equity Issuance, and Related Amendments

On August 12, 2014, we entered into a share and asset purchase agreement, which we refer to as the SAPA, and entered into or amended certain ancillary agreements including an amendment and restatement of the 2011 IPLA, or the 2014 IPLA. Pursuant to these agreements, we restructured our relationships with Ant Group and Alipay and terminated the 2011 framework agreement. On February 1, 2018, we amended both the SAPA and the Alipay commercial agreement, and agreed with Ant Group and certain other parties on forms of certain ancillary agreements. On September 23, 2019, we further amended the SAPA. The relevant amendments were entered into or agreed to facilitate our acquisition of a 33% equity interest (on a fully diluted basis) in Ant Group. On August 24, 2020, we further amended the SAPA, the Alipay commercial agreement and certain other agreements, referred to as the 2020 Amendments. The 2020 Amendments were made primarily to facilitate Ant Group’s planned IPO on the Science and Technology Innovation Board of the Shanghai Stock Exchange and on the Main Board of the Hong Kong Stock Exchange.

On July 25, 2022, we and Ant Group further amended the SAPA and the Alipay commercial agreement (such further amendments, the “2022 Amendments”), with certain amendments that took effect on August 13, 2022. The 2022 Amendments were made primarily to improve our ability to maximize our competitive advantage, enhance the economic benefit from our equity interest in Ant Group and help us better manage related party and other risks arising from changes in the regulatory and operational environment.

Apart from the 2018, 2019, 2020 and 2022 amendments to our agreements with Ant Group described below, the key terms of our agreements with Ant Group and Alipay from the 2014 restructuring remain substantially unchanged.
Sale of SME Loan Business and Certain Other Assets

Pursuant to the SAPA, we sold certain securities and assets primarily relating to our SME loan business and other related services to Ant Group in February 2015. In addition, pursuant to software system use and service agreements relating to the know-how and related intellectual property that we agreed to sell together with the SME loan business and related services, we received annual fees for a term of seven years, commencing in 2015 and ending in 2021. These fees, which were recognized as other revenue, were determined as follows: for calendar years 2015 to 2017, the entities operating the SME loan business paid an annual fee equal to 2.5% of the average daily balance of the SME loans provided by these entities, and in calendar years 2018 to 2021, these entities paid an annual fee equal to the amount of the fees paid in calendar year 2017. In fiscal years 2021, 2022 and 2023, the annual fees we received from Ant Group and its affiliates in connection with the SME loan business amounted to RMB954 million, RMB708 million and nil, respectively.

For regulatory reasons, we retained approximately RMB1,225 million of the existing SME loan portfolio upon the completion of the transfer of the SME loan business. These loans have been repaid. We do not intend to conduct any new SME loan business going forward.

Issuance of Equity Interest

In September 2019, following the satisfaction of the closing conditions, we received through an onshore PRC subsidiary the issuance of a 33% equity interest (on a fully diluted basis) in Ant Group pursuant to the SAPA, as amended in 2018 and 2019, or the Issuance. We believe that the acquisition of the 33% equity interest (on a fully diluted basis) in Ant Group has strengthened our strategic relationship pursuant to the series of agreements initially reached with Ant Group in 2014.

Pursuant to the SAPA, as amended in 2018 and 2019, the consideration paid to receive the newly issued 33% equity interest (on a fully diluted basis) in Ant Group was fully funded by payments from Ant Group and its subsidiaries to us in consideration for certain intellectual property and assets that we transferred under the SAPA, as amended in 2018 and 2019.

In connection with the receipt of the Issuance, we entered into a cross license agreement with Ant Group providing for a license by each of Ant Group and us to each other of certain patents, trademarks, software and other technologies (including but not limited to patents and software transferred at the Issuance closing). The cross license agreement also contains provisions relating to cooperation and coordination between Ant Group and us on various intellectual property matters, including prosecution, enforcement, acquisition, and joint defense arrangements, among other matters.

Upon closing of the Issuance, we entered into the previously agreed form of amendment and restatement of the 2014 IPLA, or the Amended IPLA, and the profit share payment arrangement under the 2014 IPLA automatically terminated. For more information, see “— Alipay Intellectual Property License and Software Technology Services Agreement” below.

Financial and Accounting Treatment upon Issuance of Equity Interest in Ant Group

There was no material operational and economic impact on us as a result of our receipt of the 33% equity interest (on a fully diluted basis) in Ant Group in 2019, but we changed our accounting for our relationship with Ant Group as a result of the Issuance. Upon the Issuance, and our transfer of certain intellectual property to Ant Group and its subsidiaries, the profit share arrangement under the 2014 IPLA was terminated, and we no longer received any profit share payments from Ant Group. Following the Issuance, we accounted for our equity interest in Ant Group under the equity method and recorded it in “Investments in equity method investees” on our consolidated balance sheet. Subsequent to the Issuance, we record our proportionate share of results of Ant Group in “Share of results of equity method investees” in our consolidated income statements on a one quarter in-arrears basis.

Regulatory Unwind

Prior to the 2020 Amendments, the SAPA as amended in 2018 and 2019, provided that, if a relevant governmental authority prohibits us from owning all or a portion of our equity interest in Ant Group after the equity issuance has occurred through enactment of a law, rule or regulation, or explicitly requires Ant Group to redeem this equity interest, and the prohibition or request is not subject to appeal and cannot otherwise be resolved, then to the extent necessary, Ant Group will redeem the equity interest; the related intellectual property and asset transfers, and ancillary transactions under the SAPA will be unwound; and the terms of the SAPA, the 2014 IPLA, and other related agreements will be restored, including the prior profit share payments and liquidity event payment (which would be payable to us in the event of a qualified IPO of Ant Group or Alipay, in an amount equal to 37.5% of the equity value of Ant Group as a whole, immediately prior to the qualified IPO). If there is a partial unwind where we retain a portion of our equity interest in Ant Group, but less than the full 33%, then pursuant to the terms of the SAPA and the 2014 IPLA, the prior profit share payment arrangement and liquidity event payment amount will be proportionately reduced based on the amount of equity interest retained by us. Pursuant to the 2020 Amendments, these provisions would terminate upon the completion of a qualified IPO of Ant Group.
However, pursuant to the 2020 Amendments and the 2022 Amendments, if a qualified IPO of Ant Group has not been completed within the prescribed period of time, the foregoing rights will no longer be subject to termination upon the completion of a qualified IPO of Ant Group.

In 2011, Jack Ma and Joe Tsai contributed 280,000,000 and 120,000,000 of our Shares, respectively, after having accounted for the Share Split, held by them to APN Ltd. (“APN”), a vehicle they established to hold these shares. Prior to June 2, 2022, the shares of APN, as well as the 400,000,000 Shares, after having accounted for the Share Split, held by APN, were pledged to us to secure certain obligations of Ant Group under the SAPA and the Alipay commercial agreement, as well as the direct liability of APN for up to US$500 million of the liquidity event payment if any liquidity event payment becomes due. On June 2, 2022, we agreed with Jack Ma, Joe Tsai and APN to terminate the pledges in relation to the shares of APN and the 400,000,000 Shares, in consideration of personal guarantees provided to us by Jack Ma and Joe Tsai in connection with Ant Group’s remaining contingent payment obligations to us. We believe this transaction reasonably reflects the reduction in Ant Group’s contingent payment obligations to us since 2011 when the pledges were first created, the valuation of which was conducted with help from an independent financial advisor, and the increased financial strength and creditworthiness of Ant Group.

**Pre-emptive Rights**

Following our receipt of equity interest in Ant Group, we have pre-emptive rights to participate in other issuances of equity securities by Ant Group and certain of its affiliates prior to a qualified IPO of Ant Group. These pre-emptive rights entitle us to maintain the equity ownership percentage we hold in Ant Group immediately prior to any such issuances. In connection with our exercise of our pre-emptive rights we are also entitled to receive certain payments from Ant Group, effectively funding our subscription for these additional equity interests, up to a value of US$1.5 billion, subject to certain adjustments, or the pre-emptive rights funded payments. In addition to these pre-emptive rights and the pre-emptive rights funded payments, under the SAPA, in certain circumstances we are permitted to exercise pre-emptive rights through an alternative arrangement that will further protect us from dilution.

**Certain Restrictions on the Transfer of Ant Group Equity Interests**

Under the SAPA, certain parties thereto, including us in some cases, are subject to restrictions on the transfer of equity interests in Ant Group, including:

- following our receipt of the Issuance and until the earlier of the completion of a qualified IPO of Ant Group or the termination of the independent director rights provided in the SAPA, without the prior written consent of our company, none of Jack Ma, Joe Tsai (if he holds any equity interest at that time), Junao, Junhan or Ant Group may knowingly transfer any equity in Ant Group to a third-party who would thereby acquire more than 50% of the voting or economic rights in, or assets of, Ant Group; and

- following our receipt of the Issuance and until the completion of a qualified IPO of Ant Group, any transfer of equity interests in Ant Group by Junao or Junhan, on the one hand, or our company, on the other hand, will be subject to a right of first refusal by the other party.

**Non-competition Undertakings**

Under the SAPA, subject to certain limitations and unless both parties agree, Ant Group may not engage in any business conducted by us from time to time or logical extensions thereof, and we are restricted from engaging in specified business activities within the scope of business of Ant Group, including the provision and distribution of credit and insurance, the provision of investment management and banking services, payment transaction processing and payment clearing services for third parties, leasing, lease financing and related services, trading, dealing and brokerage with respect to foreign exchange and financial instruments, distribution of securities, commodities, funds, derivatives and other financial products and the provision of credit ratings, credit profiles and credit reports. Each party may, however, make passive investments in competing businesses below specified thresholds, in some cases after offering the investment opportunity to the other party. The 2020 Amendments allow Ant Group to engage in the sale and placement of advertisements by financial institutions solely in connection with financial services on publicly available mobile applications and end-user interfaces majority-owned and operated by Ant Group, an activity that falls within the scope of our business but which Ant Group is permitted to engage in as an exception to the non-compete provisions, subject to certain qualifications. Pursuant to the 2022 Amendments, we have agreed to expand Ant Group’s ability to engage in such sale and placement of advertisements on publicly available mobile applications and end-user interfaces majority-owned and operated by Ant Group. We have also agreed to permit Ant Group to provide technology services in facilitation of the operations of any payment or financial services business to financial institutions and merchants using Ant Group’s payment services, except that Ant Group may not provide any IaaS-related cloud services, and we are allowed to provide services and products relating to payment accounts outside of Chinese mainland that Ant Group is unable to provide to us or our customers and to provide and distribute credit and insurance in cooperation with financial services business operators to facilitate businesses on our platforms, among other things.

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Corporate Governance Provisions

The SAPA provides that we and Ant Group will recommend one independent nominee who, subject to the vetting by the nomination and remuneration committee of the board of Ant Group, to the extent required by such committee’s charter (subject to any amendments required by any applicable law or requested by any applicable governmental authority), and subject further to the vetting by applicable governmental authorities, as required by applicable law, will be nominated as a member of its board and serve on the board’s audit committee, and Jack Ma, Joe Tsai (in case he holds any equity interest in Ant Group), Junhan and Junao will agree to vote the equity interests in Ant Group controlled by them in favor of the nomination. If this independent director resigns or the director’s seat otherwise becomes vacant, so long as SoftBank owns at least 20% of our outstanding ordinary shares, and certain other conditions are satisfied, SoftBank and Jack Ma, acting jointly, will select on our behalf the individual to be designated as a replacement director, subject to the approval of the Independent Committee. We are not permitted to approve certain actions to be taken under the SAPA and related agreements before we obtain the consent from the Independent Committee.

Upon the Issuance in September 2019, we nominated two of our officers who have been elected to the board of Ant Group pursuant to our rights under the SAPA.

In each case, these director nomination rights will continue unless we cease to own a certain amount of our post-issuance equity interests in Ant Group, or upon the completion of a qualified IPO of Ant Group, whichever is earlier.

Additional Alibaba Rights

In addition to the rights discussed above, the SAPA, as amended in 2018 and 2019, provides us with certain other rights with respect to Ant Group. These include, among others:

- customary information rights;
- approval rights over certain Ant Group or Alipay actions;
- rights to ensure our ability to participate in any qualified IPO of Ant Group;
- approval rights (with the consent of the Independent Committee) over increases to the size of Ant Group board resulting in the number of board seats exceeding a certain specific number; and
- approval rights (with the consent of the Independent Committee) over any Alipay IPO.

Pursuant to the 2020 Amendments, the foregoing rights requiring the Independent Committee’s consent will terminate upon the completion of a qualified IPO of Ant Group. However, pursuant to the 2020 Amendments and the 2022 Amendments, if a qualified IPO of Ant Group has not been completed within the prescribed period of time, these rights will no longer be subject to termination upon the completion of a qualified IPO of Ant Group. For more information, see “— Termination of Alibaba Rights” below.

Termination of Alibaba Rights

Under the SAPA, as amended in 2018 and 2019, certain of our rights with respect to Ant Group were terminated upon our receipt of the Issuance.

In addition, the SAPA, as amended in 2018 and 2019, provides that, in connection with Ant Group or Alipay commencing an IPO process, we and Ant Group will discuss in good faith the amendment or termination of our rights to the extent necessary or advisable to achieve an efficient and successful IPO. Certain of our rights that would be incremental to the rights of other shareholders of Ant Group as of the consummation of the IPO (excluding, among other things, our information rights) will terminate if required by a relevant stock exchange or governmental authority, or if necessary to obtain a legal opinion in connection with the IPO application. If the IPO application is withdrawn or rejected by the relevant authorities, or if the IPO is not consummated within a certain period of time, then any of our rights that were terminated or amended in anticipation of the IPO will be restored.

Pursuant to the 2020 Amendments, the following rights under the SAPA, as amended in 2018 and 2019, will terminate upon the completion of a qualified IPO of Ant Group:

- our rights to participate in any qualified IPO of Ant Group or Alipay;
- the Independent Committee’s approval rights over:
• voluntary transfers of any equity securities of Alipay;
• increases to the size of Ant Group board resulting in the number of board seats exceeding a certain number; and
• any Alipay IPO.

If the IPO of Ant Group has not been completed within the prescribed period of time, it is expected that the foregoing Independent Committee’s approval rights will, pursuant to the 2020 Amendments and the 2022 Amendments, no longer be subject to termination upon the completion of a qualified IPO of Ant Group.

Alipay Commercial Agreement

Under the Alipay commercial agreement among us, Alipay and Ant Group, which agreement still remains in place following the 2014 restructuring and the 2018, 2019, 2020 and 2022 amendments to our agreements with Ant Group, each as described above, Alipay provides payment processing and escrow services to us. These services enable settlement of transactions on our marketplaces through a secure payment platform and escrow process. Given the significant transaction volume on our platforms, we pay Alipay a fee for these services on terms that are preferential to us. These preferential terms enable us, with certain exceptions, to make available basic payment processing and escrow services to consumers and merchants on our marketplaces free of charge. We believe that these services provide us with a competitive advantage that otherwise would be diminished without the preferential terms of the Alipay commercial agreement.

The fees that we pay Alipay are based on fee rates and actual payment volumes processed on our marketplaces. The fee rates reflect, among other things, Alipay’s bank-processing costs and operating costs allocable to the services provided to us, and accordingly are subject to adjustment on an annual basis to the extent these costs increase or decline. In connection with the 2014 restructuring, the Alipay commercial agreement was amended to provide that a special independent committee formed by our independent directors and the director designated by SoftBank, or the Independent Committee, must approve the fee rates in advance on an annual basis. The fee rates for the immediately preceding year remain in effect until such time as the annual approval by the Independent Committee has been obtained. In fiscal years 2021, 2022 and 2023, service fees in connection with the payment services provided by Alipay under this agreement amounted to RMB10,598 million, RMB11,824 million and RMB12,484 million (US$1,818 million), respectively. The Alipay commercial agreement has an initial term of 50 years, and is automatically renewable for further periods of 50 years, subject to our right to terminate at any time upon one year’s prior written notice. Prior to the 2020 Amendments, if the Alipay commercial agreement was required by applicable regulatory authorities, including under stock exchange listing rules, to be modified in certain circumstances, a one-time payment may have been payable to us by Ant Group to compensate us for the impact of the adjustment. Certain conforming amendments were made to the Alipay commercial agreement as part of the relevant amendments to our agreements with Ant Group and Alipay described above. Pursuant to the 2020 Amendments, we no longer have the right to receive such one-time payment. This change was made to facilitate the IPO of Ant Group. If the IPO of Ant Group is withdrawn or rejected by governmental authority or is not completed within a certain period of time, the change will be unwound and our right will be restored.

Pursuant to the 2022 Amendments, our right to such one-time payment will no longer be restored. We have considered the probability of such one-time payment becoming payable, the changes in the regulatory and operational environment of our and Ant Group’s businesses and the resultant uncertainty to the two businesses if Ant Group were to remain subject to the obligation to make such one-time payment. We believe that an amendment to the Alipay commercial agreement to remove Ant Group’s obligation to pay such one-time payment will ultimately enhance the economic benefit that we may receive from Ant Group as a result of our equity interest in Ant Group and help us better manage related party and other risks arising from changes in the regulatory and operational environment.

Pursuant to the 2022 Amendments, from August 13, 2023, with respect to any payment processing and escrow services to be provided by Ant Group to us outside of Chinese mainland, the fee rates and payment-related terms for such services will no longer be governed by the Alipay commercial agreement and will instead be agreed upon between Ant Group and us separately.

Ancillary Agreements

In connection with our entry into the original SAPA in 2014, we also entered into the 2014 IPLA, an amended and restated shared services agreement, a SME loan cooperation framework agreement and a trademark agreement, each of which is described below. We also entered into a data sharing agreement, which was subsequently terminated on July 25, 2022. It is intended that we and Ant Group will, to the extent necessary for each party to provide services to our respective customers, instead negotiate the terms of data sharing arrangements on a case-by-case basis and as permitted by applicable laws and regulations.
Pursuant to the SAPA, as amended in 2018 and 2019, upon the Issuance we also entered into the Amended IPLA, a cross license agreement and various intellectual property transfer agreements in connection with, and to implement, the contemplated intellectual property and asset transfers described in “— Issuance of Equity Interest” above.

**Alipay Intellectual Property License and Software Technology Services Agreement**

**2014 IPLA**

Pursuant to the original 2011 framework agreement, we entered into the 2011 IPLA, pursuant to which we and our subsidiaries licensed to Alipay certain intellectual property rights and provided various software technology services to Alipay and its subsidiaries. In August 2014, we entered into the 2014 IPLA.

Under the 2011 IPLA, Alipay paid us a royalty and software technology services fee equal to the sum of an expense reimbursement plus 49.9% of the consolidated pre-tax income of Alipay and its subsidiaries until a liquidity event of Alipay or Ant Group. The calculation of the profit share percentage was subject to downward adjustments upon certain dilutive equity issuances by Alipay or Ant Group. Under the 2014 IPLA, we received, in addition to a software technology service fee, royalty streams related to Alipay and other current and future businesses of Ant Group, which we refer to collectively as the profit share payments. The profit share payments were paid at least annually and equal the sum of an expense reimbursement plus 37.5% of the consolidated pre-tax income of Ant Group (subject to certain adjustments), including not only Alipay but all of Ant Group’s subsidiaries.

Upon our receipt of the Issuance in September 2019, we entered into the Amended IPLA and terminated the 2014 IPLA, and accordingly, the profit share payment arrangement under the 2014 IPLA automatically terminated.

**Amended IPLA**

Pursuant to the SAPA, as amended in 2018 and 2019, we, Ant Group and Alipay entered into the Amended IPLA upon our receipt of the Issuance, at which time we also transferred certain intellectual property and assets to Ant Group and its subsidiaries and the profit share payment arrangement was terminated, as described in “— Issuance of Equity Interest” above.

While the profit share payments have terminated under the Amended IPLA, Ant Group may in certain circumstances continue to make certain royalty payments to us (as agreed to by Ant Group and the Independent Committee), which may be used as pre-emptive rights funded payments under the SAPA, as described in “— Pre-emptive Rights” above.

Additionally, pursuant to the Amended IPLA, Ant Group and its subsidiaries will receive expanded rights to apply for, register and manage certain intellectual property related to their businesses, subject to certain continuing restrictions and our rights, and we will cease to provide certain software technology services to Ant Group and its subsidiaries.

The Amended IPLA will terminate upon the earliest of:

- the full payment of all pre-emptive rights funded payments under the SAPA;
- the closing of a qualified IPO of Ant Group or Alipay; and
- our transfer to Ant Group of any remaining intellectual property we own that is exclusively related to the business of Ant Group.

**SME Loan Cooperation Framework Agreement**

We and Ant Group entered into a SME loan cooperation framework agreement in August 2014, pursuant to which each party agreed to cooperate with, and provide certain services with respect to, the other party’s enforcement of certain rights of the other party against users of its platforms and services and with respect to the provision of certain financial services to our customers and merchants. In particular, we agreed, upon Ant Group’s request, to close down or suspend online storefronts and restrict marketing activities on our platforms of persons defaulting on loans made by Ant Group and persons in violation of Alipay rules and regulations, and to publish notices on our platforms and provide information regarding these persons, in each case in a manner to be further agreed upon from time to time. Ant Group agreed, upon our request, to make loans and/or extensions of credit and related financial services available to our users, freeze and pay over to us funds in accounts of users violating our rules and regulations or agreements with us, accelerate loans and terminate credit facilities of these users, restrict marketing activities on its platforms by these users, and provide information regarding these users, in each case in a manner to be further agreed upon from time to time. Neither party is required to pay any fees in
consideration for the services provided by the other party, and apart from the provision of these services, there will be no other exchange of value in connection with this agreement. The cooperation agreement has an initial term of five years, with automatic renewals upon expiry for additional five-year periods.

From time to time, we expect to enter into similar commercial arrangements with respect to cooperation matters and the provision of services between us and Ant Group and to our respective customers.

**Trademark Agreement**

We and Ant Group entered into a trademark agreement in August 2014, pursuant to which we granted Ant Group a non-transferable, non-assignable and non-sublicensable (except to its subsidiaries) license for it and its sublicensed subsidiaries to continue to use certain trademarks and domain names based on trademarks owned by us, in connection with their payment services business and the SME loan business transferred by us to them, and in the same manner of use as in August 2014, and a non-transferable, non-assignable and non-sublicensable (except to its subsidiaries) license to use other trademarks and domain names based on trademarks owned by us, and in that manner, as we may agree to allow in the future. Pursuant to the trademark agreement, each of the parties further agreed to the rights and limitations that each would have to use the “Ali” name or prefix and the “e-commerce” (and its Chinese equivalent) name, prefix or logo as part of a trademark or domain name in each party’s and its subsidiaries’ respective businesses. Neither party is required to pay any fees under this agreement, and, apart from the licenses and rights set forth in the agreement, there will be no other exchange of value in connection with this agreement. Pursuant to the SAPA, following our receipt of the Issuance, we transferred and are in the process of transferring to Ant Group ownership of several of the trademarks and domain names licensed by us to Ant Group. However, the trademark agreement will remain in effect in accordance with its terms following the transaction to provide for a continued license of other trademarks that we will continue to own.

**Shared Services Agreement and Other Commercial Arrangements with Ant Group**

We and Ant Group entered into a shared services agreement, which was amended and restated in August 2020 in connection with the 2020 Amendments to the SAPA. Pursuant to the shared services agreement, we and Ant Group provide certain administrative and support services to each other and our respective affiliates. We also provide Ant Group and its affiliates with cloud computing services, marketplace software technology services and other services. See “— Commercial Arrangements with Investees and Ant Group and Its Affiliates.”

**Agreements Entered into in 2020**

**Arrangements to Acquire Further Shares in an IPO of Ant Group**

In 2020, we entered into certain agreements with Ant Group, pursuant to which we may subscribe for additional shares in Ant Group as part of an IPO of Ant Group, such that we may continue to hold an equity interest not exceeding 33% in Ant Group upon the completion of such IPO of Ant Group.

**Documents to Implement Transfers of IP Contemplated by SAPA**

In connection with the 2020 Amendments, we entered into a number of agreements pursuant to which we transferred to Ant Group certain intellectual property exclusively relating to the business of Ant Group in connection with the IPO of Ant Group, which transfers were contemplated by the SAPA, as amended in 2018 and 2019. Ant Group would be required to transfer such intellectual property back to us if the IPO of Ant Group is not completed within a certain period of time. Pursuant to the 2022 Amendments, having considered the relevant insignificance of such intellectual property to us and the uncertainties associated with any such requirements to transfer such intellectual property back to us in light of the regulatory and operational changes, we agreed that Ant Group would no longer be required to transfer such intellectual property to us regardless of whether the IPO of Ant Group is completed.

**Investments Involving Ant Group**

We have invested in businesses in which Ant Group is a shareholder or co-invested with Ant Group in other businesses.

**Share-based Award Arrangements**

Certain of our employees hold share-based awards granted by Junhan and Ant Group, and certain employees of Ant Group hold share-based awards granted by us. These awards will be settled by respective grantors upon disposal of these awards by the holders, vesting or exercise of these awards, depending on the forms of these awards. In addition, Junhan and Ant Group have the right to repurchase
the vested awards (or any underlying equity for the settlement of the vested awards) granted by them, as applicable, from the holders upon an initial public offering of Ant Group or the termination of the holders’ employment with us at a price to be determined based on the then fair market value of Ant Group.

Starting from April 2020, the parties agreed to settle with each other the cost associated with certain share-based awards granted to each other’s employees upon vesting. The settlement amounts under this arrangement will depend on the values of Ant Group share-based awards granted to our employees and our share-based awards granted to employees of Ant Group. It is expected that the net settlement amount would be insignificant to us.

**Transactions with Entities Affiliated with Our Directors and Officers**

Joe Tsai, our executive vice chairman, has purchased his own aircraft for both business and personal use. He has waived any leasing fees for the use of such aircraft in connection with the performance of his duties, and we have agreed to assume the cost of maintenance, crew and operation of the aircraft where the cost is allocated for business purposes.

**Relationship with Investment Funds Affiliated with Jack Ma**

Jack Ma currently holds minority interests in the general partners of a number of Yunfeng investment funds, in which he is entitled to receive a portion of carried interest proceeds. We refer to these funds collectively as the Yunfeng Funds. He also holds minority interests in certain investment advisor entities of certain Yunfeng Funds. In addition, Jack Ma, his wife, certain trusts established for the benefit of his family and certain entities controlled by Jack Ma and his wife have committed, or are expected to commit, funds to the general partners or as limited partners of certain Yunfeng Funds.

Jack Ma has either non-voting interests or has waived the exercise of his voting power with respect to his interests in each of the investment advisor entities and the managing entities of certain Yunfeng Funds. Jack Ma has also agreed to donate all distributions of (x) carried interest proceeds he may receive in respect of the Yunfeng Funds and (y) dividends he may receive with respect to his holdings of shares in any investment advisor entity of the Yunfeng Funds, which we collectively refer to as the Yunfeng GP Distributions, to, or for the benefit of, the Alibaba Group Charitable Fund or other entities identified by Jack Ma that serve charitable purposes. In addition, Jack Ma has agreed that, other than his income tax obligations arising from recognition of income from Yunfeng GP Distributions, he will not claim any charitable deductions with respect to donations of his Yunfeng GP Distributions against his other income tax obligations. See “— Commitments of Jack Ma to Alibaba Group” below. We believe that, through its expertise, knowledge base and extensive network of contacts in private equity in China, Yunfeng will assist us in developing a range of relevant strategic investment opportunities.

The Yunfeng Funds have historically entered into co-investment transactions with us and third parties. We have also invested in other businesses in which the Yunfeng Funds are shareholders.

**Commitments of Jack Ma to Alibaba Group**

Jack Ma, formerly one of our directors, has confirmed the following commitments to our board of directors:

- He intends to reduce and thereafter limit his direct and indirect economic interest in Ant Group over time (for the avoidance of doubt, other than the equity stake in Ant Group held by our company), to a percentage that does not exceed his and his affiliates’ interest in our company immediately prior to our initial public offering and that the reduction will occur in a manner by which neither Jack Ma nor any of his affiliates would receive any economic benefit;

- He will donate all of his Yunfeng GP Distributions to, or for the benefit of, the Alibaba Group Charitable Fund or other entities identified by him that serve charitable purposes;

- Other than his income tax obligations arising from recognition of income from Yunfeng GP Distributions, he will not claim any charitable deductions with respect to donations of his Yunfeng GP Distributions against his other income tax obligations; and

- If required by us, while he remains an Alibaba executive, he will assume for our benefit legal ownership of investment vehicles, holding companies and variable interest entities that further our business interests in Internet, media and telecom related businesses and, in this case, he will disclaim all economic benefits from his ownership and enter into agreements to transfer any benefits to us (or as we may direct) when permitted by applicable law.
Transactions with Other Investees

We have extended loans to certain of our investees for working capital and other uses in conjunction with our investments. As of March 31, 2023, the aggregate outstanding balance of these loans was RMB2,345 million (US$341 million), with remaining terms of up to four years and interest rates of up to 10% per annum.

We have agreed to provide a guarantee for a term loan facility of HK$7.7 billion (US$1.0 billion) in favor of Cingleot, a company that is partially owned by us, in connection with a logistic center development project at the Hong Kong International Airport. As of the date of this annual report, HK$5,233 million (US$669 million) was drawn down by that entity under this facility.

We have also co-invested with certain of our investees in other businesses. For example, we have made co-investments with Hangzhou Hanyun Xinling Equity Investment Fund Partnership and New Retail Strategic Opportunities Fund, L.P. (both of which are our investees that focus on retail-related businesses) in a number of companies, including Sun Art.

Other Commercial Transactions with Investees

Other than the transactions disclosed above, we also have commercial arrangements with certain of our investees and other related parties in which:

- we recorded cost and expenses paid to investees for cloud computing services, content acquisition, purchase of inventory and various other services; and
- we recorded income generated from investees for providing marketing, commission and other services.

The amounts relating to these services provided and received represent less than 1% of our revenue and total costs and expenses, respectively, for the years ended March 31, 2021, 2022 and 2023.

Contractual Arrangements among Our Subsidiaries, Variable Interest Entities and the Variable Interest Entity Equity Holders

Chinese law restricts foreign ownership in enterprises that provide value-added telecommunications services, which includes the ICPs. As a result, we operate our Internet businesses and other businesses in which foreign investment is restricted or prohibited in China through contractual arrangements between our relevant subsidiaries, the variable interest entities, which, where applicable, hold the ICP licenses and other regulated licenses and generally operate our Internet businesses and other businesses in which foreign investment is restricted or prohibited, and the variable interest entity equity holders. For a description of these contractual arrangements, see “Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements among Our Subsidiaries, Variable Interest Entities and the Variable Interest Entity Equity Holders.”

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. These agreements require us to indemnify these individuals, to the fullest extent permitted by law, for certain liabilities to which they may become subject as a result of their affiliation with us.

Employment Agreements


Share Options

See “Item 6. Directors, Senior Management and Employees — B. Compensation — Equity Incentive Plan.”

C. Interests of Experts and Counsel

Not applicable.
ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements.”

Legal and Administrative Proceedings

We are involved from time to time, and may in the future be involved in, litigation, claims or other disputes in the ordinary course of business regarding, among other things, contract disputes with our customers, copyright, trademark and other intellectual property infringement claims, consumer protection claims, employment related cases and other matters, as well as disputes between our merchants and consumers or pursuant to anti-monopoly or anti-unfair competition laws or involving high amounts of alleged damages. We have also been, and may in the future be, involved in litigation, regulatory investigations or inquiries and administrative proceedings that may or may not necessarily arise from our ordinary course of business, such as securities class action lawsuits and investigations or inquiries by securities regulators.

We establish balance sheet provisions relating to potential losses from litigation based on estimates of the losses. For this purpose, we classify potential losses as remote, reasonably possible or probable. We analyze potential outcomes from current and potential litigation and proceedings as loss contingencies in accordance with U.S. GAAP.

Pending SEC Inquiry

In early 2016, the SEC informed us that it had initiated an investigation into whether there have been any violations of the federal securities laws. The SEC has requested that we voluntarily provide it with documents and information relating to, among other things, our consolidation policies and practices (including our prior practice of accounting for Cainiao as an equity method investee), our policies and practices applicable to related party transactions in general, and our reporting of operating data from the 11.11 Global Shopping Festival. We are voluntarily disclosing this SEC request for information and cooperating with the SEC and, through our legal counsel, have been providing the SEC with requested documents and information. We believe we have fully responded to the SEC’s inquiries. The SEC advised us that the initiation of a request for information should not be construed as an indication by the SEC or its staff that any violation of the federal securities laws has occurred.

Our management believes that the risk of loss in connection with this proceeding is currently remote and that this proceeding will not have a material adverse effect on our financial condition. However, in light of the inherent uncertainties involved in this and similar proceedings, some of which are beyond our control, the risk of loss may become more likely and an adverse outcome could be material to our results of operations or cash flows for any particular reporting period. See note 2 to our audited consolidated financial statements included in this annual report for more information on our provisioning policy with regard to legal and administrative proceedings.

PRC Anti-monopoly Investigation and Administrative Penalty Decision

On December 24, 2020, we received a notice of investigation from the SAMR, stating that the SAMR had commenced an investigation pursuant to the PRC Anti-monopoly Law. On April 10, 2021, the SAMR issued an Administrative Penalty Decision, or the Decision, of the anti-monopoly investigation into our company. In the Decision, the SAMR found that we had violated Article 17(4) of the PRC Anti-monopoly Law, which states that a business operator that has a dominant market position is prohibited from restricting business counterparties through exclusive arrangements without justifiable cause. Pursuant to Articles 47 and 49 of the PRC Anti-monopoly Law, on April 10, 2021, the SAMR ordered us to cease violating acts and imposed a fine of RMB18.2 billion. The SAMR also issued an administrative guidance, instructing us to implement a comprehensive program of rectification, through strictly fulfilling our responsibility as a platform operator, strengthening our internal controls and compliance, upholding fair competition, and protecting the lawful rights and interests of our platform’s merchants and consumers. The administrative guidance requires us to submit a self-assessment and compliance report to the SAMR for three consecutive years.

Shareholder Class Action Lawsuits

In November and December 2020, we and certain of our officers and directors were named defendants in two putative securities class action lawsuit filed in the United States District Court for the Southern District of New York concerning the suspension of Ant Group’s planned initial public offering, captioned Laura Ciccarello v. Alibaba Group et al., No. 1:20-cv-09568 (S.D.N.Y.) (the “Ciccarello Action”) and Robert Romnek v. Alibaba Group et al., No. 1:20-cv-10267 (S.D.N.Y.) (the “Romnek Action”). Both lawsuits assert claims under Section 10(b) and Section 20(a) of the U.S. Exchange Act.
In January 2021, we and certain of our officers and directors were named defendants in a putative securities class action lawsuit filed in the United States District Court for the Southern District of New York concerning certain antitrust developments, captioned Elissa Hess v. Alibaba Group et al., No. 1:21-cv-00136 (S.D.N.Y.) (the “Hess Action”). The complaint in the Hess Action, which also includes certain allegations about the suspension of Ant Group’s planned initial public offering, asserts claims under Section 10(b) and Section 20(a) of the U.S. Exchange Act.

On January 12, 2021, four plaintiff groups filed Motions to Consolidate and Motions for Appointment as Lead Plaintiff under the Private Securities Litigation Reform Act, or the PSLRA, seeking consolidation of the Ciccarello, Romnek, and Hess Actions and appointment of Lead Plaintiff and Lead Counsel under the PSLRA. The Court consolidated the three actions on April 20, 2021, and appointed Lead Plaintiff on February 10, 2022. On April 22, 2022, Lead Plaintiff filed an Amended Complaint, naming a founder as an additional defendant, and asserting new and existing claims concerning the SAMR’s antitrust investigation and fine and the suspension of Ant Group’s planned initial public offering.

On July 21, 2022, defendants filed motions to dismiss the Amended Complaint. On March 22, 2023, the Court granted in part Defendants’ motions, among other things, dismissing the founder and all allegations relating to the suspension of Ant Group’s planned initial public offering. The portion of the case related to the SAMR’s antitrust investigation and fine is proceeding to discovery, which is scheduled to conclude in January 2025.

**JD.com Lawsuit**

In 2017, Beijing Jingdong Shiji Trading Co., Ltd. and Beijing Jingdong 360 E-commerce Co., Ltd. sued Zhejiang Tmall Technology Co., Ltd., Zhejiang Tmall Network Co., Ltd. and Alibaba Group Holding Limited for abuse of dominant market position (Case No. (2017) Jing Min Chu Zi No.152). The plaintiffs request the three defendants to cease relevant acts and claimed a substantial amount of damages in the original complaint. In March 2021, the plaintiffs amended their claim to seek higher damages. As of the date of this annual report, the case is pending in Beijing High People’s Court and the potential damages are not reasonably estimable at the current stage.

**Dividend Policy**

Since our inception, we have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, the depositary will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the Deposit Agreement, including the fees and expenses payable thereunder.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders and ADS holders, we rely on dividends, loans, and other distributions on equity paid by our operating subsidiaries in China and on remittances, including loans, from variable interest entities in China. Dividend distributions from our PRC subsidiaries to us are subject to PRC taxes, such as withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — We rely to a significant extent on dividends, loans and other distributions on equity paid by our operating subsidiaries in China.”

**B. Significant Changes**

We have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

**ITEM 9. THE OFFER AND LISTING**

**A. Offer and Listing Details**

Our ADSs have been listed on the NYSE since September 19, 2014 under the symbol “BABA.” Each ADS represents eight Shares.
Our Shares have been listed on the Hong Kong Stock Exchange since November 26, 2019 under the stock code “9988.” Following the launch of HKD - RMB Dual Counter Model by the Hong Kong Stock Exchange, our shares are also traded in RMB with stock code “89988” under the RMB counter since June 19, 2023.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on the NYSE since September 19, 2014 under the symbol “BABA.” Each ADS represents eight Shares.

We have also announced our plan to voluntarily change our secondary listing status on the Hong Kong Stock Exchange to a primary listing, but the timetable of our primary conversion remains uncertain.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our amended and restated Memorandum and Articles of Association contained in our Registration Statement on Form F-1 (File No. 333-195736), as amended, initially filed with the SEC on May 6, 2014. Our shareholders adopted our amended and restated Memorandum and Articles of Association by a special resolution on September 2, 2014, and effective upon completion of our initial public offering of ordinary shares represented by our ADSs. At our annual general meeting of shareholders held on September 30, 2020, our shareholders approved to amend and restate our Memorandum and Articles of Association by a special resolution, and effective upon the same day, to expressly permit completely virtual shareholders’ meetings and reflect the Company’s share capital following the Share Split.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company,” “Item 5. Operating and Financial Review and Prospects” or elsewhere in this annual report.

D. Exchange Controls

E. Taxation

The following is a general summary of certain Cayman Islands, Chinese mainland, Hong Kong S.A.R. and United States federal income tax consequences relevant to an investment in our ADSs and ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, Chinese mainland, Hong Kong S.A.R. and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our ADSs and ordinary shares. To the extent that this discussion relates to matters of Cayman Islands tax law, it is the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel. To the extent that the discussion states definitive legal conclusions under PRC tax laws and regulations, it is the opinion of Fangda Partners, our special PRC counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of our ADSs or ordinary shares. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties that may be applicable on instruments executed in, or after execution brought into, the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on the issue of shares by, or any transfer of shares of, Cayman Islands companies (except those which hold interests in land in the Cayman Islands). The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ADSs and ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ADSs or ordinary shares, as the case may be, and gains derived from the disposal of our ADSs or ordinary shares will not be subject to Cayman Islands income or corporation tax.

People’s Republic of China Taxation

We are a holding company incorporated in the Cayman Islands and we gain substantial income by way of dividends from our PRC subsidiaries. The EIT Law and its implementation rules, both of which became effective on January 1, 2008 and were most recently amended on December 29, 2018 and April 23, 2019, respectively, provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any non-resident enterprise’s jurisdiction of incorporation has a tax treaty with China that provides for a lower withholding tax rate for which the foreign investor is eligible.

Under the EIT Law, an enterprise established outside of China with a “de facto management body” within China is considered a “resident enterprise,” which means that it is treated in the same manner as a Chinese enterprise for enterprise income tax purposes. Although the implementation rules of the EIT Law define “de facto management body” as a managing body that exercises substantive and overall management and control over the production and business, personnel, accounting books and assets of an enterprise, the only official guidance for this definition currently available is set forth in Circular 82 issued by the STA, which provides guidance on the determination of the tax residence status of a Chinese-controlled offshore incorporated enterprise, defined as an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC enterprise or enterprise group as its primary controlling shareholder. Although Alibaba Group Holding Limited does not have a PRC enterprise or enterprise group as our primary controlling shareholder and is therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of Circular 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in Circular 82 to evaluate the tax residence status of Alibaba Group Holding Limited and its subsidiaries outside the PRC.

According to Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met:

- the primary location of the day-to-day operational management is in the PRC;
- decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC;
• the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in the PRC; and

• 50% or more of voting board members or senior executives habitually reside in the PRC.

We do not believe that we meet any of the conditions outlined in the immediately preceding paragraph. Alibaba Group Holding Limited and its offshore subsidiaries are incorporated outside the PRC. As a holding company, our key assets and records, including the resolutions and meeting minutes of our board of directors and the resolutions and meeting minutes of our shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities. Accordingly, we believe that Alibaba Group Holding Limited and our offshore subsidiaries should not be treated as a “resident enterprise” for PRC tax purposes if the criteria for “de facto management body” as set forth in Circular 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body” as applicable to our offshore entities, we will continue to monitor our tax status.

The implementation rules of the EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then the dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered a PRC tax resident enterprise for PRC tax purposes, any dividends we pay to our overseas shareholders or ADS holders that are non-resident enterprises as well as gains realized by those shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of 10%, unless any of the non-resident enterprises’ jurisdictions has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Furthermore, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our shares or ADSs and the gains realized from the transfer of our shares or ADSs to be income derived from sources within the PRC, the dividends we pay to our overseas shareholders or ADS holders who are non-resident individuals, and gains realized by those shareholders or ADS holders from the transfer of our shares or ADSs, may be subject to PRC individual income tax at a rate of 20%, unless any of the non-resident individuals’ jurisdictions has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

The implementation rules of the EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then the dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered a PRC tax resident enterprise for PRC tax purposes, any dividends we pay to our overseas shareholders or ADS holders that are non-resident enterprises as well as gains realized by those shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of 10%, unless any of the non-resident enterprises’ jurisdictions has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income” and “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in the People’s Republic of China — Dividends payable to foreign investors and gains on the sale of our ADSs and/or ordinary shares by our foreign investors may become subject to PRC withholding tax.”

**Hong Kong Taxation**

Our subsidiaries incorporated in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% in the fiscal years ended March 31, 2021, 2022 and 2023.

Our principal register of members is maintained by our Principal Share Registrar in the Cayman Islands, and our Hong Kong register of members is maintained by the Hong Kong Share Registrar in Hong Kong.

Dealings in our Shares registered on our Hong Kong share register are subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the rate of 0.13% of the consideration for, or (if greater) the value of, our Shares transferred. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of our Shares. In addition, a fixed duty of HK$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we have moved a portion of our issued ordinary shares from our Cayman share register to our Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our ADSs and Shares — There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.”
Material United States Federal Income Tax Considerations

The following summary describes the material United States federal income tax consequences of the ownership and disposition of our ordinary shares and ADSs. The discussion set forth below is applicable only to United States Holders that hold ordinary shares or ADSs as capital assets. As used herein, the term “United States Holder” means a beneficial owner of an ordinary share or ADS that is for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons has or have the authority to control all substantial decisions of the trust, or if it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ordinary shares or ADSs as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock (by vote or value);
- a person required to accelerate the recognition of any item of gross income with respect to our ordinary shares or ADSs as a result of such income being recognized on an applicable financial statement;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose “functional currency” is not the U.S. dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, and regulations, rulings and judicial decisions thereunder as of the date of this annual report, as well as the current income tax treaty between the United States and the PRC, which is hereinafter referred to as the Treaty. Those authorities may be replaced, revoked or modified, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms.
If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds our ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ordinary shares or ADSs, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. If you are considering the purchase of our ordinary shares or ADSs, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

**ADSS**

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by the ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

**Taxation of Dividends**

Subject to the discussion under “— Passive Foreign Investment Company” below, the gross amount of distributions on the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. The dividends (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. The following discussion assumes that all dividends will be paid in U.S. dollars.

Subject to applicable limitations (including a minimum holding period requirement), certain dividends received by non-corporate United States investors from a qualified foreign corporation may be treated as “qualified dividend income” that is subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on ordinary shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NYSE) are readily tradable on an established securities market in the United States. Thus, subject to the discussion under “— Passive Foreign Investment Company” below, we believe that any dividends we pay on our ordinary shares that are represented by ADSs will be eligible for these reduced tax rates. Since we do not expect that our ordinary shares will be listed on an established securities market in the United States, we do not believe that any dividends that we pay on our ordinary shares that are not represented by ADSs currently meet the conditions required for these reduced tax rates. There also can be no assurance that our ADSs will continue to be readily tradable on an established securities market in the United States in subsequent years. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we were deemed to be a PRC resident enterprise under the EIT Law, although no assurance can be given, we might be eligible for the benefits of the Treaty, and if we were eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether the shares are represented by ADSs, would be eligible for the reduced rates of taxation. See “— People’s Republic of China Taxation” above. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which the dividends are paid or in the preceding taxable year. See “— Passive Foreign Investment Company” below.

In the event that we were deemed to be a PRC resident enterprise under the EIT Law, you might be subject to PRC withholding taxes on dividends paid to you with respect to the ADSs or ordinary shares. See “— People’s Republic of China Taxation” above. In that case, subject to certain conditions and limitations (including a minimum holding period requirement) and the Foreign Tax Credit Regulations (as defined below), PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or ordinary shares will be treated as foreign source income and will generally constitute passive category income. However, recently issued United States Treasury regulations addressing foreign tax credits, or the Foreign Tax Credit Regulations, impose additional requirements for foreign taxes to be eligible for a foreign tax credit, and there can be no assurance that those requirements will be satisfied. In addition, if you are eligible for Treaty benefits, any PRC taxes on dividends will not be creditable against your United States federal income tax liability to the extent withheld at a rate exceeding the applicable Treaty rate. Alternatively, instead of claiming a foreign tax credit, you may be able to deduct any PRC withholding taxes on dividends in computing your taxable income, subject to generally applicable limitations under United States law (including that a United States Holder is not eligible for a deduction
for otherwise creditable foreign income taxes paid or accrued in a taxable year if such United States Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year. The rules governing the foreign tax credit and deductions for foreign taxes are complex. You are urged to consult your tax advisors regarding the Foreign Tax Credit Regulations and the availability of the foreign tax credit or a deduction under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax free return of capital, causing a reduction in the adjusted basis of the ADSs or ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs or ordinary shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange, as described under “— Taxation of Capital Gains” below. Consequently, any distributions in excess of our current and accumulated earnings and profits will generally not give rise to foreign source income and you will generally not be eligible for a foreign tax credit for any PRC withholding tax imposed on those distributions unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend (as discussed above).

Distributions of ADSs, ordinary shares or rights to subscribe for ADSs or ordinary shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax. Consequently, these distributions will generally not give rise to foreign source income and you will generally not be eligible for a foreign tax credit for any PRC withholding tax imposed on these distributions unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes.

**Passive Foreign Investment Company**

Based on the composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a PFIC for our most recent taxable year, although there can be no assurance in this regard.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income; or
- at least 50% of the value (generally determined on a quarterly basis) of our assets for that taxable year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). In addition, cash and other assets readily convertible into cash are generally considered passive assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation’s assets and receiving our proportionate share of the other corporation’s income. However, it is not entirely clear how the contractual arrangements between us and the variable interest entities will be treated for purposes of the PFIC rules. If it were determined that we do not own the stock of the variable interest entities for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition or in the value of our assets. The calculation of the value of our assets will be based, in part, on the quarterly market value of our ADSs. The market value of our ADSs has been volatile and has declined significantly over the past few years. Any further decline in the price of our ADSs may result in our becoming a PFIC. If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and you do not make a timely mark-to-market election (as discussed below), you will be subject to special tax rules with respect to any “excess distribution” received and any gain realized from a sale or other disposition, including a pledge, of ADSs or ordinary shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as excess distributions. Under these special tax rules:
the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;

• the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and

• the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each relevant year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your own tax advisors about this election.

In certain circumstances, in lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or ordinary shares, provided such ADSs or ordinary shares are treated as “marketable stock.” The ADSs or ordinary shares generally will be treated as marketable stock if the ADSs or ordinary shares, as applicable, are regularly traded on a “qualified exchange or other market” (within the meaning of the applicable United States Treasury regulations). Under current law, the mark-to-market election may be available to holders of ADSs since the ADSs are listed on the NYSE, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be “regularly traded” for purposes of the mark-to-market election. Our ordinary shares are listed on the Hong Kong Stock Exchange, which must meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange for these purposes, and no assurance can be given that our ordinary shares will be “regularly traded” for purposes of the mark-to-market election.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs or ordinary shares at the end of the year over your adjusted tax basis in the ADSs or ordinary shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs or ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, in each year that we are a PFIC:

(i) any gain you recognize upon the sale or other disposition of your ADSs or ordinary shares will be treated as ordinary income and

(ii) any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

Your adjusted tax basis in the ADSs or ordinary shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs or ordinary shares are no longer regularly traded on a qualified exchange or other market or the Internal Revenue Service, or the IRS, consents to the revocation of the election. However, because a mark-to-market election cannot be made for any lower-tier PFICs that we may own (as discussed below), you will generally continue to be subject to the special tax rules discussed above with respect your indirect interest in any such lower-tier PFIC.

You are urged to consult your tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, you can sometimes avoid the rules described above by electing to treat a PFIC as a “qualified electing fund” under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

In addition, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which the dividends are paid or in the preceding taxable year. You will generally be required to file IRS Form 8621 if you hold our ADSs or ordinary shares in any year in which we are classified as a PFIC.

If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.
You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or ordinary shares if we are considered a PFIC in any taxable year.

**Taxation of Capital Gains**

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized for the ADSs or ordinary shares (net of any Hong Kong stamp duty imposed on such proceeds) and your tax basis in the ADSs or ordinary shares (which should similarly take into account any Hong Kong stamp duty paid in connection with the acquisition of the ADSs or ordinary shares), both determined in U.S. dollars. Subject to the discussion under “— Passive Foreign Investment Company” above, such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ADSs or ordinary shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, if we were treated as a PRC resident enterprise for EIT Law purposes and PRC tax were imposed on any gain, and if you are eligible for the benefits of the Treaty, you may elect to treat such gain as PRC source gain under the Treaty. If you are not eligible for the benefits of the Treaty or you fail to make the election to treat any gain as PRC source, then you generally would not be able to use a foreign tax credit for any PRC tax imposed on the disposition of our ADSs or ordinary shares unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, pursuant to the Foreign Tax Credit Regulations, if you do not elect to treat any gain as PRC source gain under the Treaty, any PRC tax imposed on such gain would generally not be a foreign income tax eligible for a foreign tax credit (regardless of any other income that you may have that is derived from foreign sources). In such case, however, the non-creditable PRC tax may reduce the amount realized on the disposition of our ADSs or ordinary shares. You will be eligible for the benefits of the Treaty if, for purposes of the Treaty, you are a resident of the United States, and you meet other requirements specified in the Treaty. Because the determination of whether you qualify for the benefits of the Treaty is fact intensive and depends upon your particular circumstances, you are specifically urged to consult your tax advisors regarding your eligibility for the benefits of the Treaty. You are also urged to consult your tax advisors regarding the tax consequences in case any PRC tax is imposed on gain on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit and the election to treat any gain as PRC source, under your particular circumstances.

**Information Reporting and Backup Withholding**

In general, information reporting will apply to dividends in respect of our ADSs or ordinary shares and the proceeds from the sale, exchange or other disposition of our ADSs or ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient. A backup withholding tax may apply to these payments if you fail to provide a taxpayer identification number or, in the case of dividend payments, if you fail to make certain certifications or to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Certain United States Holders are required to report information relating to ADSs or ordinary shares, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold the ADSs or ordinary shares. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the ADSs or ordinary shares.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We have previously filed with the SEC our Registration Statement on Form F-1 (File No. 333-195736), as amended, with respect to our ordinary shares and ADSs. As allowed by the SEC, in Item 19 of this annual report, we incorporate by reference certain
information we previously filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

You may read and copy this annual report, including the exhibits incorporated by reference in this annual report, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the SEC’s regional offices in New York, New York and Chicago, Illinois. You can also request copies of this annual report, including the exhibits incorporated by reference in this annual report, upon payment of a duplicating fee, by writing information on the operation of the SEC’s Public Reference Room.

The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our annual report and some of the other information submitted by us to the SEC may be accessed through this website.

As a foreign private issuer, we are exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act.

In accordance with NYSE Rule 203.01, we will post this annual report on our website www.alibabagroup.com. In addition, we will provide hardcopies of our annual report to shareholders, including ADS holders, free of charge upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Interest Rate Risk

Our main interest rate exposure relates to our indebtedness. We also have interest-bearing assets, including cash and cash equivalents, short-term investments and restricted cash. We manage our interest rate exposure with a focus on reducing our overall cost of debt and exposure to changes in interest rates. When considered appropriate, we use derivatives, such as interest rate swaps, to manage our interest rate exposure.

As of March 31, 2023, approximately 33% of our total debt (including bank borrowings and unsecured senior notes) carries floating interest rates and the remaining 67% carries fixed interest rates. We have entered into various agreements with various financial institutions as counterparties to swap a certain portion of our floating interest rate debt to effectively become fixed interest rate debt. After taking these interest rate swaps into consideration, approximately 32% of our total debt carries floating interest rates and the remaining 68% carries fixed interest rates as of March 31, 2023. All of the abovementioned interest rate derivatives are designated as cash flow hedges and we expect these hedges to be highly effective. Certain of our indebtedness carries floating interest rates based on SOFR. As a result, the interest expenses associated with these indebtedness will be subject to the potential impact of any fluctuation in SOFR. An increase in SOFR could raise our financing costs, which could adversely affect our operating results and financial condition, as well as our cash flows. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — We are subject to interest rate risk in connection with our indebtedness.”

As of March 31, 2022 and 2023, if interest rates increased/decreased by 1%, with all other variables having remained constant, and assuming the amount of interest-bearing assets and debts that bear floating interest were outstanding for the entire respective years, our profit attributable to equity owners would have been RMB4,457 million and RMB5,473 million (US$797 million) higher/lower, respectively, mainly as a result of higher/ lower interest income from our cash and cash equivalents and short-term investments. The analysis does not include floating interest rate debts whose interests are hedged by interest rate swaps.
**Foreign Exchange Risk**

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, most of our revenue-generating transactions, and a majority of our expense-related transactions, are denominated in Renminbi, which is the functional currency of our major operating subsidiaries and the reporting currency of our financial statements. When considered appropriate, we enter into hedging activities with regard to exchange rate risk.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in greater fluctuations of the Renminbi against the U.S. dollar.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would reduce the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, servicing our outstanding debts, or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amounts available to us.

As of March 31, 2022, we had Renminbi-denominated cash and cash equivalents and short-term investments of RMB269,892 million and U.S. dollar-denominated cash and cash equivalents and short-term investments of US$26,269 million. Assuming we had converted RMB269,892 million into U.S. dollars at the exchange rate of RMB6.3393 for US$1.00 as of March 31, 2022, our total U.S. dollar cash balance would have been US$68,843 million. If the Renminbi had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US$64,973 million.

As of March 31, 2023, we had Renminbi-denominated cash and cash equivalents, short-term investments and other treasury investments of RMB351,195 million and U.S. dollar-denominated cash and cash equivalents, short-term investments and other treasury investments of US$29,171 million. Assuming we had converted RMB351,195 million into U.S. dollars at the exchange rate of RMB6.8676 for US$1.00 as of March 31, 2023, our total U.S. dollar cash balance would have been US$80,309 million. If the Renminbi had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US$75,660 million.

**Market Price Risk**

We are exposed to market price risk primarily with respect to equity securities carried at fair value that are publicly traded. A substantial portion of our investments in equity method investees are held for long-term appreciation or for strategic purposes, which are accounted for under equity method and are not subject to market price risk. We are not exposed to commodity price risk. The sensitivity analysis is determined based on the exposure of equity securities and certain other financial instruments that are carried at fair value on a recurring basis to market price risk at the end of each reporting period.

In fiscal year 2022 and 2023, if the market price of the respective financial instruments held by us had been 1% higher/lower as of March 31, 2022 and 2023, these instruments would have been approximately RMB1,224 million and RMB1,233 million (US$180 million) higher/lower, respectively, all of which would be recognized as income or loss during the respective period.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. Debt Securities**

Not applicable.

**B. Warrants and Rights**

Not applicable.

**C. Other Securities**

Not applicable.
### D. American Depositary Shares

**Fees Paid by Our ADS Holders**

As an ADS holder, you will be required to pay the following service fees to the depositary, Citibank, N.A.:

<table>
<thead>
<tr>
<th>Persons depositing or withdrawing shares or ADS holders must pay:</th>
<th>For:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to US$5.00 per 100 ADSs (or fraction thereof)....................</td>
<td><em>Issuance of ADSs upon deposit of Shares (excluding issuances as a result of distributions of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs).</em></td>
</tr>
<tr>
<td></td>
<td><em>Delivery of Shares against surrender of ADSs.</em></td>
</tr>
<tr>
<td></td>
<td><em>Distribution of cash dividends or other cash distributions.</em></td>
</tr>
<tr>
<td></td>
<td><em>Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs.</em></td>
</tr>
<tr>
<td></td>
<td><em>Distribution of securities other than ADSs or rights to purchase additional ADSs.</em></td>
</tr>
</tbody>
</table>

Up to US$5.00 per 100 ADS (or fraction thereof) per calendar year..........................................

As an ADS holder you will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- fees for the transfer and registration of Shares charged by the registrar and transfer agent for the Shares in the Cayman Islands (i.e., upon deposit and withdrawal of Shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- fees and expenses as are incurred by the depositary in connection with compliance with applicable exchange control regulations;
- cable, telex and facsimile transmission and delivery expenses as expressly provided in the Deposit Agreement; and
- fees and expenses incurred in connection with the delivery or servicing of Shares on deposit.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The Depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (e.g., stock dividend, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers
and custodians who hold their clients’ ADSs in DTC accounts in turn charge their clients’ accounts the amount of the fees paid to the
depository banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the Deposit Agreement, refuse the
requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the
ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You
will receive prior notice of these changes.

Fees and Payments from the Depositary to Us

Our depositary has agreed to share with us certain fees payable to the depositary by holders of ADSs. For fiscal year 2023, the
depositary shared with us US$39 million, after deduction of applicable U.S. taxes.

Conversion between ADSs and Shares

Dealings and Settlement of Shares in Hong Kong

Our Shares trade on the Hong Kong Stock Exchange in board lots of 100 Shares. Dealings in our Shares on the Hong Kong Stock
Exchange are conducted in Hong Kong dollars. Following the launch of Hong Kong Dollar - Renminbi Dual Counter Model by the
Hong Kong Stock Exchange, our shares are also traded in Renminbi (RMB) with stock code “89988” under the RMB counter since

The transaction costs of dealings in our Shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the
  buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Financial Reporting Council transaction levy of 0.00015% of the consideration of the transaction, charged to each of the
  buyer and seller;
- transfer deed stamp duty of HK$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the consideration for, or (if greater) the value of, the Shares transferred,
  with 0.13% payable by each of the buyer and seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK$2.00 and
  a maximum fee of HK$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker; and
- the Hong Kong Share Registrar will charge between HK$2.50 to HK$20.00, depending on the speed of service (or such
  higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Shares from
  one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the
  share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For
an investor who has deposited his or her Shares in his or her stock account or in his or her designated Central Clearing and Settlement
System participant’s stock account maintained with the Central Clearing and Settlement System, or CCASS, settlement will be
effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to
his broker or custodian before the settlement date.

Conversion between Shares Trading in Hong Kong and ADSs
In connection with the listing of our Shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong share register, which is maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, is maintained by our Principal Share Registrar.

All Shares offered in our Hong Kong public offering are registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Shares registered on the Hong Kong share register are able to convert these Shares into ADSs, and vice versa.

In connection with the Hong Kong public offering, and to facilitate fungibility and conversion between ADSs and Shares and trading between the NYSE and the Hong Kong Stock Exchange, we moved a portion of our issued Shares that are represented by ADSs from our Cayman share register to our Hong Kong share register.

**Our ADSs**

Our ADSs are traded on the NYSE. Dealings in our ADSs on the NYSE are conducted in U.S. Dollars.

ADTs may be held either:

- directly, by having a certificated ADS, or an American Depositary Receipt, or ADR, registered in the holder’s name, or by holding in the direct registration system, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto; or

- indirectly, through the holder’s broker or other financial institution.

The depositary for our ADSs is Citibank, N.A., whose office is located at 388 Greenwich Street, New York, New York 10013, United States. The depositary’s custodian in Hong Kong is Citibank, N.A. – Hong Kong branch, whose office is located at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

**Converting Shares Trading in Hong Kong into ADSs**

An investor who holds Shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the Shares with the depositary’s Hong Kong custodian, Citibank, N.A. – Hong Kong branch, or the custodian, in exchange for ADSs.

A deposit of Shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Shares have been deposited with CCASS, the investor must transfer Shares to the depositary’s account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed conversion form to the depositary (localcustody@citi.com) via his or her broker.

- If Shares are held outside CCASS, the investor must arrange to deposit his or her Shares into CCASS for delivery to the depositary’s account with the custodian within CCASS, submit and deliver a request for conversion form to the custodian and after duly completing and signing such conversion form, deliver such conversion form to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated by an investor or his or her broker.

- The investor (or one of its agents) must deliver a certification to the depositary that (i) the shareholder is not the company or an affiliate of the company, or acting on behalf of the company or one of its affiliates, (ii) the deposited shares are not “restricted securities” (as defined in the Deposit Agreement), and (iii) the deposited shares were acquired in either (a) an open market transaction executed on, or in a “direct business” transaction between a broker and its client reported to, the Hong Kong Stock Exchange, (b) a transaction registered with the SEC under the U.S. Securities Act, or (c) a transaction exempt from registration with the SEC (and the applicable restricted period or distribution compliance period has elapsed).
For Shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For Shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

**Converting ADSs to Shares Trading in Hong Kong**

An investor who holds ADSs and who intends to convert his/her ADSs into Shares to trade on the Hong Kong Stock Exchange must cancel the ADSs, the investor holds and withdraw Shares from our ADS program and cause his or her broker or other financial institution to trade such Shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker’s procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying Shares from Citibank’s account on the CCASS system to the investor’s Hong Kong stock account. The broker, upon receiving instructions from its client, should surrender the ADSs to Citibank and said instructions to Citibank (drcerts@citi.com / citiadr@citi.com / drbrokerservices@citi.com) to cancel the ADSs with share delivery instructions in CCASS.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw Shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver Shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive Shares outside CCASS, he or she must receive Shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register Shares in their own names with the Hong Kong Share Registrar.

For Shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For Shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of Shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Shares on the Hong Kong share register to facilitate such withdrawals.

**Depositary Requirements**

Before the depositary issues ADSs or permits withdrawal of Shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with procedures it may establish, from time to time, consistent with the Deposit Agreement, including presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong Share Registrar are closed or at any time if the depositary or we determine it advisable to do so or it would violate any applicable law or the depositary’s policies or procedures.

All costs attributable to the transfer of Shares to effect a withdrawal from or deposit of Shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of Shares and ADSs should note that the Hong Kong Share Registrar will charge between HK$2.50 to HK$20.00, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Shares from one registered owner to another, each share certificate canceled.
or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Shares and ADSs
must pay US$5.00 (or less) per 100 ADSs for each issuance of ADSs and for each cancelation of ADSs, as the case may be, in
connection with the deposit of Shares into, or withdrawal of Shares from, our ADS program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in
reports filed under the U.S. Exchange Act is recorded, processed, summarized and reported within the specified time periods and
accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to
allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our principal executive officer and our principal financial officer,
evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) promulgated under
the U.S. Exchange Act, at March 31, 2023. Based on that evaluation, our principal executive officer and principal financial officer
have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in the
reports that we file or submit under the U.S. Exchange Act is recorded, processed, summarized and reported, within the time periods
specified in the SEC’s rules and forms, and that information required to be disclosed in the reports that we file or submit under the
U.S. Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial
officer, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules
13a-15(f) and 15d-15(f) under the U.S. Exchange Act. As required by Rule 13a-15(c) of the U.S. Exchange Act, our management
conducted an evaluation of our company’s internal control over financial reporting as of March 31, 2023 based on the framework in
Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of March 31,
2023.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections
of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls
may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may
deteriorate.

Our independent registered public accounting firm, PricewaterhouseCoopers, has audited the effectiveness of our internal control over
financial reporting as of March 31, 2023, as stated in its report, which appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this annual report on
Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

●ITEM 16. DO NOT DELETE.
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Albert Kong Ping Ng, an independent director within the meaning of Section 303A of the NYSE Listed Company Manual and a member of our audit committee, qualifies as “audit committee financial expert” as defined in Item 16A of Form 20-F.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of our directors, executive officers and employees. In November 2021, our board of directors amended the code of ethics to, among other things, emphasize the protection of personal information, better highlight regulatory compliance obligations, including in the areas of data security and privacy protection, fair competition, IP protection, anti-bribery, anti-corruption and anti-money laundering, as well as add reference to our anti-sexual harassment code of conduct, and specifically prohibit workplace bullying and harassment. The code of ethics is also available on our official website under the investor relations section at www.alibabagroup.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers, our principal external auditors, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2022 (in thousands of RMB)</th>
<th>2023 (in thousands of RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees(1)</td>
<td>125,332</td>
<td>109,122</td>
</tr>
<tr>
<td>Audit-related Fees(2)</td>
<td>8,560</td>
<td>3,800</td>
</tr>
<tr>
<td>Tax Fees(3)</td>
<td>2,754</td>
<td>7,078</td>
</tr>
<tr>
<td>All Other Fees(4)</td>
<td>15,466</td>
<td>10,511</td>
</tr>
<tr>
<td>Total</td>
<td>152,112</td>
<td>130,511</td>
</tr>
</tbody>
</table>

(1) “Audit Fees” represents the aggregate fees billed or to be billed for each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements, as well as assistance with and review of documents filed with the SEC and other statutory and regulatory filings.

(2) “Audit-related Fees” represents the aggregate fees billed in each of the fiscal years listed for the assurance and related services rendered by our principal auditors that are reasonably related to the performance of the audit or review of our financial statements and not reported under “Audit Fees.”

(3) “Tax Fees” represents the aggregate fees billed in each of the fiscal years listed for the professional tax services rendered by our principal auditors.

(4) “All Other Fees” represents the aggregate fees billed in each of the fiscal years listed for services rendered by our principal auditors other than services reported under “Audit Fees,” “Audit-related Fees” and “Tax Fees.”

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers, including audit services, audit-related services, tax services and other services as described above, other than those for de minimis services that are approved by the audit committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

In May 2019, our board of directors authorized a share repurchase program for an amount of up to US$6.0 billion over a period of two years. In December 2020, our board of directors authorized an upsize of our share repurchase program from US$6.0 billion to US$10.0 billion, for a two-year period through the end of 2022. In August 2021, our board of directors authorized an upsize of our share repurchase program from US$10.0 billion to US$15.0 billion, for a 16-month period through the end of 2022. In March 2022, our board of directors authorized an upsize of our share repurchase program from US$15.0 billion to US$25.0 billion, through the end of March 2024. In November 2022, our board of directors authorized a further upsize of our share repurchase program from US$25.0 billion to US$40.0 billion, which is effective through the end of March 2025.
During the year ended March 31, 2023, we repurchased approximately 130 million of our ADSs (or 1,039 million of our ordinary shares) for approximately US$10.9 billion under the share repurchase program. As of March 31, 2023, we had 20.5 billion ordinary shares (equivalent to 2.6 billion ADSs) issued and outstanding.

In addition, our equity incentive award agreements generally provide that, in the event of a grantee’s termination for cause (including any commission of an act of fraud, dishonesty or ethical breach) or violation of a non-competition undertaking, we will have the right to terminate grants, forfeit and cancel shares or, if applicable, repurchase the shares acquired by the grantee, generally at the original purchase price or the exercise price paid for these shares. See “Item 6. Directors, Senior Management and Employees — B. Compensation — Equity Incentive Plan.”

The table below summarizes the repurchases we made in the periods indicated.

<table>
<thead>
<tr>
<th>Month</th>
<th>Total Number of Ordinary Shares Purchased as Part of Share Repurchase Program</th>
<th>Total Price Paid (US$, in millions)</th>
<th>Average Price Paid Per Ordinary Share (1) (US$)</th>
<th>Approximate Dollar Value of Ordinary Shares that May Yet Be Purchased Under Share Repurchase Program (2) (US$, in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2022</td>
<td>138,152,200</td>
<td>1,633</td>
<td>11.82</td>
<td>13,622</td>
</tr>
<tr>
<td>May 2022</td>
<td>166,412,296</td>
<td>1,842</td>
<td>11.07</td>
<td>11,780</td>
</tr>
<tr>
<td>June 2022</td>
<td>4,181,344</td>
<td>50</td>
<td>12.05</td>
<td>11,729</td>
</tr>
<tr>
<td>July 2022</td>
<td>2,495,952</td>
<td>30</td>
<td>12.03</td>
<td>11,699</td>
</tr>
<tr>
<td>August 2022</td>
<td>55,085,648</td>
<td>642</td>
<td>11.66</td>
<td>11,057</td>
</tr>
<tr>
<td>September 2022</td>
<td>137,158,224</td>
<td>1,462</td>
<td>10.66</td>
<td>9,595</td>
</tr>
<tr>
<td>October 2022</td>
<td>190,949,144</td>
<td>1,725</td>
<td>9.03</td>
<td>7,871</td>
</tr>
<tr>
<td>November 2022</td>
<td>138,049,152</td>
<td>1,215</td>
<td>8.80</td>
<td>21,656</td>
</tr>
<tr>
<td>December 2022</td>
<td>34,301,056</td>
<td>377</td>
<td>10.98</td>
<td>21,280</td>
</tr>
<tr>
<td>January 2023</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,280</td>
</tr>
<tr>
<td>February 2023</td>
<td>20,196,800</td>
<td>225</td>
<td>11.14</td>
<td>21,055</td>
</tr>
<tr>
<td>March 2023</td>
<td>152,183,488</td>
<td>1,655</td>
<td>10.88</td>
<td>19,399</td>
</tr>
</tbody>
</table>

(1) Each ADS represents eight Shares.

(2) In November 2022, our board of directors authorized a further upsize of our share repurchase program from US$25.0 billion to US$40.0 billion.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a “foreign private issuer” (as such term is defined in Rule 3b-4 under the U.S. Exchange Act), and our ADSs, each representing eight ordinary shares, are listed on the NYSE. Under Section 303A of the NYSE Listed Company Manual, NYSE listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the NYSE with limited exceptions. The following summarizes some significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of the NYSE.

Under the NYSE Listed Company Manual, U.S. domestic listed companies are required to have a majority independent board, which is not required under the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”), our home country. Currently, our board of directors is composed of ten members, six of whom are independent directors. All of our independent directors are independent within the meaning of Section 303A of the NYSE Listed Company Manual. We have also received from each independent director a confirmation of his or her independence and we consider them to be independent pursuant to the Hong Kong Listing Rules. In addition, the NYSE Listed Company Manual requires U.S. domestic listed companies to have a compensation committee and a nominating/corporate governance committee, each composed entirely of independent directors, which are not required under the Companies Act. Currently, our compensation committee is composed of three members, all of whom are independent directors. Our nominating and corporate governance committee is composed of three members, only two of whom are independent directors. In addition, the NYSE Listed Company Manual requires shareholder approval for certain matters, such as requiring that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those
plans, which is not required under the Cayman Islands law. We intend to comply with the requirements of Cayman Islands law only in determining whether shareholder approval is required.

Under Rule 19C.11 of the Hong Kong Listing Rules, we are exempt from certain corporate governance requirements of the Hong Kong Stock Exchange, including Appendix 14 of the Hong Kong Listing Rules (Corporate Governance Code) and Appendix 16 of the Hong Kong Listing Rules (Disclosure of Financial Information).

In connection with our listing on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange and the SFC granted certain waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules and the SFO, respectively, and the SFC also granted a ruling under the Takeovers Codes.

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.

The SFC 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.

The SFC 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.

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. For relevant disclosure in respect of the substantial shareholder’s interests, see “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.”

We undertook 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 undertook to disclose in 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.

Corporate Communication
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.

Since our listing on the Hong Kong Stock Exchange, we made the following arrangements:

- We issue all 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 continue to provide printed copies of notice including the proxy materials to our shareholders at no costs.
- We have added to the “Investor Relations” page of our website which directs investors to all of our filings with the Hong Kong Stock Exchange.

The Hong Kong Stock Exchange granted us a waiver from strict compliance with the requirements under Rule 2.07A of the Hong Kong Listing Rules.

Monthly Return

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, we sought 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, the Hong Kong Stock Exchange granted a waiver from strict compliance with Rule 13.25B of the Hong Kong Listing Rules. We 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.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

(a) Please see the Certification by the Chief Executive Officer Pursuant to Item 16I(a) of Form 20-F, which has been furnished as Exhibit 15.4 to this annual report.

(b) On December 16, 2021, the PCAOB issued a report notifying the SEC of its determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland or Hong Kong, including our independent registered public accounting firm, PricewaterhouseCoopers.

On August 22, 2022, the SEC added Alibaba Group Holding Limited to its conclusive list of issuers identified under the HFCA Act, following the filing of our annual report on Form 20-F for the fiscal year ended March 31, 2022.

On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in Chinese mainland and Hong Kong in 2022. The PCAOB vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Chinese mainland and Hong Kong. For this reason, we do not expect to be identified as a Commission-Identified Issuer following the filing of this annual report.

As of the date of this annual report and to our best knowledge:

(i) No Cayman Islands governmental entities own any shares of Alibaba Group Holding Limited or any variable-interest entity or similarly structured entity that is consolidated in our financial statements;
(ii) Certain consolidated entities under our digital media and entertainment business have state-owned minority strategic investors, namely:

Zhejiang Yitong Digital TV Investment Co., Ltd. (“Zhejiang Yitong”), a subsidiary of a PRC state-owned enterprise, which owns 1% of the registered capital of Youku Film & Television Co., Ltd. (“Youku Film & Television”), a consolidated entity under our Youku business; and

Wangtou Suicheng (Beijing) Technology Co., Ltd., also a subsidiary of a PRC state-owned enterprise, which owns 1% of the registered capital of Guangzhou Lujiao Information Technology Co., Ltd., a consolidated entity under our UCWeb business.

In addition, certain consolidated entities in our sports-related business, which in aggregate contributed to less than 0.05% of our total revenue in the fiscal year ended March 31, 2023, have minority governmental ownership.

Our ADSs are listed and traded on the NYSE and our Shares are listed and traded on the Hong Kong Stock Exchange. PRC governmental entities or affiliated entities could acquire equity interests in our company on the open market, but based on public disclosure, no PRC governmental entity has any significant shareholding in our company.

Except as disclosed above, no PRC governmental entities own any shares of Alibaba Group Holding Limited or any variable-interest entity or similarly structured entity that is consolidated in our financial statements.

(iii) No Cayman Islands governmental entities or PRC governmental entities have a controlling financial interest in Alibaba Group Holding Limited or any variable-interest entity or similarly structured entity that is consolidated in our financial statements; and

(iv) None of the members of the board of directors of Alibaba Group Holding Limited, our operating entities or any variable interest entity or similarly structured entity that is consolidated in our financial statements is an official of the Chinese Communist Party, except for the following:

Yang Yang, an external director of Youku Film & Television, who is also an executive of Zhejiang Yitong; and

Bing Wu, an external director of Banma Network Technology Co., Ltd. (“Banma”), which is a majority-owned consolidated entity engaged in the development of smart car operating systems. Mr. Wu is an executive of SAIC Motor and other state-owned enterprises. Banma is a joint venture between us and SAIC Motor.

The currently effective memorandum and articles of association of Alibaba Group Holding Limited and any variable interest entity or similarly structured entity that is consolidated in our financial statements do not contain any charter of the Chinese Communist Party.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have provided financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report, together with the report of the independent auditor:

- Report of Independent Registered Public Accounting Firm
- Consolidated Income Statements for the years ended March 31, 2021, 2022 and 2023
- Consolidated Statements of Comprehensive Income for the years ended March 31, 2021, 2022 and 2023
- Consolidated Balance Sheets as of March 31, 2022 and 2023
• Consolidated Statements of Changes in Shareholders’ Equity for the years ended March 31, 2021, 2022 and 2023
• Consolidated Statements of Cash Flows for the years ended March 31, 2021, 2022 and 2023
• Notes to the Consolidated Financial Statements
ITEM 19. EXHIBITS

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description of Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1(1)</td>
<td>Amended and Restated Memorandum and Articles of Association of the Registrant as currently in effect</td>
</tr>
<tr>
<td>2.1(2)</td>
<td>Registrant’s Form of Ordinary Share Certificate</td>
</tr>
<tr>
<td>2.2(3)</td>
<td>Deposit Agreement, dated as of September 24, 2014, between the Registrant, the depositary and holders and beneficial holders of American Depositary Shares evidenced by American Depositary Receipts issued thereunder, including the form of American Depositary Receipt</td>
</tr>
<tr>
<td>2.3(3)</td>
<td>Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 2.2)</td>
</tr>
<tr>
<td>2.4(6)</td>
<td>Indenture, dated as of November 28, 2014, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.5(6)</td>
<td>Fifth Supplemental Indenture, dated as of November 28, 2014, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.6(6)</td>
<td>Sixth Supplemental Indenture, dated as of November 28, 2014, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.7(6)</td>
<td>Form of 3.600% Senior Notes Due 2024 (included in Exhibit 2.5)</td>
</tr>
<tr>
<td>2.8(6)</td>
<td>Form of 4.500% Senior Notes Due 2034 (included in Exhibit 2.6)</td>
</tr>
<tr>
<td>2.9(7)</td>
<td>Indenture, dated as of December 6, 2017, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.10(7)</td>
<td>Second Supplemental Indenture, dated as of December 6, 2017, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.11(7)</td>
<td>Third Supplemental Indenture, dated as of December 6, 2017, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.12(7)</td>
<td>Fourth Supplemental Indenture, dated as of December 6, 2017, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.13(7)</td>
<td>Fifth Supplemental Indenture, dated as of December 6, 2017, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.14(7)</td>
<td>Form of 3.400% Senior Notes Due 2027 (included in Exhibit 2.10)</td>
</tr>
<tr>
<td>2.15(7)</td>
<td>Form of 4.000% Senior Notes Due 2037 (included in Exhibit 2.11)</td>
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<tr>
<td>2.16(7)</td>
<td>Form of 4.200% Senior Notes Due 2047 (included in Exhibit 2.12)</td>
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<tr>
<td>2.17(7)</td>
<td>Form of 4.400% Senior Notes Due 2057 (included in Exhibit 2.13)</td>
</tr>
<tr>
<td>2.18</td>
<td>Description of Securities Registered under Section 12 of the U.S. Exchange Act</td>
</tr>
<tr>
<td>2.19(8)</td>
<td>Sixth Supplemental Indenture, dated as of February 9, 2021, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.20(8)</td>
<td>Seventh Supplemental Indenture, dated as of February 9, 2021, between the Registrant and Bank of New York Mellon as Trustee</td>
</tr>
<tr>
<td>2.21(8)</td>
<td>Eighth Supplemental Indenture, dated as of February 9, 2021, between the Registrant and Bank of New York Mellon as Trustee</td>
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<tr>
<td>Exhibit Number</td>
<td>Description of Document</td>
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<tr>
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<tr>
<td>2.22(8)</td>
<td><strong>Ninth Supplemental Indenture, dated as of February 9, 2021, between the Registrant and Bank of New York Mellon as Trustee</strong></td>
</tr>
<tr>
<td>2.23(8)</td>
<td>Form of 2.125% Senior Notes Due 2031 (included in Exhibit 2.19)</td>
</tr>
<tr>
<td>2.24(8)</td>
<td>Form of 2.700% Senior Notes Due 2041 (included in Exhibit 2.20)</td>
</tr>
<tr>
<td>2.25(8)</td>
<td>Form of 3.150% Senior Notes Due 2051 (included in Exhibit 2.21)</td>
</tr>
<tr>
<td>2.26(8)</td>
<td>Form of 3.250% Senior Notes Due 2061 (included in Exhibit 2.22)</td>
</tr>
<tr>
<td>4.1(4)</td>
<td>Form of Indemnification Agreement between the Registrant and its directors and executive officers</td>
</tr>
<tr>
<td>4.2(4)</td>
<td>Form of Employment Agreement between the Registrant and its executive officers</td>
</tr>
<tr>
<td>4.3(4)</td>
<td>Form of Share Retention Agreement between the Registrant and certain members of management</td>
</tr>
<tr>
<td>4.4(5)</td>
<td><strong>Second Amended and Restated 2014 Post-IPO Equity Incentive Plan</strong></td>
</tr>
<tr>
<td>4.5</td>
<td>Schedules of Material Differences of Contractual Arrangements of Representative Variable Interest Entities of the Registrant</td>
</tr>
<tr>
<td>4.6(7)</td>
<td>English translation of Loan Agreement, between Hangzhou Zhenxi Investment Management Co., Ltd. and Zhejiang Tmall Technology Co., Ltd., dated January 10, 2018</td>
</tr>
<tr>
<td>4.7(7)</td>
<td>English translation of Exclusive Call Option Agreement entered into by and among Hangzhou Zhenxi Investment Management Co., Ltd., Zhejiang Tmall Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd., dated January 10, 2018</td>
</tr>
<tr>
<td>4.8(7)</td>
<td>English translation of Shareholder’s Voting Rights Proxy Agreement entered into by and among Hangzhou Zhenxi Investment Management Co., Ltd., Zhejiang Tmall Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd., dated January 10, 2018</td>
</tr>
<tr>
<td>4.9(7)</td>
<td>English translation of Equity Pledge Agreement entered into by and among Hangzhou Zhenxi Investment Management Co., Ltd., Zhejiang Tmall Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd., dated January 10, 2018</td>
</tr>
<tr>
<td>4.10(7)</td>
<td>English translation of Exclusive Services Agreement entered into between Zhejiang Tmall Network Co., Ltd. and Zhejiang Tmall Technology Co., Ltd., dated January 10, 2018</td>
</tr>
<tr>
<td>4.11(4)</td>
<td>Share and Asset Purchase Agreement by and among the Registrant, Zhejiang Ant Small and Micro Financial Services Group Co., Ltd. (currently known as Ant Group), Yahoo! Inc., SoftBank Corp. and the other Parties named therein, dated August 12, 2014</td>
</tr>
<tr>
<td>4.12(9)</td>
<td>Amendment to Share and Asset Purchase Agreement by and among the Registrant, Ant Small and Micro Financial Services Group Co., Ltd. (currently known as Ant Group), SoftBank Group Corp., Jack Ma, Joseph C. Tsai, and the other Parties named therein, dated February 1, 2018</td>
</tr>
<tr>
<td>4.13(10)</td>
<td>Second Amendment to Share and Asset Purchase Agreement by and among the Registrant, Ant Small and Micro Financial Services Group Co., Ltd. (currently known as Ant Group) and SoftBank Group Corp., dated September 23, 2019</td>
</tr>
<tr>
<td>4.14(11)</td>
<td>Third Amendment to Share and Asset Purchase Agreement by and among the Registrant, Ant Group Co., Ltd., SoftBank Group Corp. and the other parties named therein, dated August 24, 2020</td>
</tr>
<tr>
<td>4.15(5)</td>
<td>Fourth Amendment to Share and Asset Purchase Agreement by and among the Registrant, Ant Group Co., Ltd., SoftBank Group Corp. and the other parties named therein, dated July 25, 2022</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description of Document</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>4.16(5)</td>
<td>Amended and Restated Commercial Agreement by and among the Registrant, Ant Group Co., Ltd. and Alipay.com Co., Ltd., dated July 25, 2022</td>
</tr>
<tr>
<td>4.17(10)</td>
<td>Second Amended and Restated Intellectual Property License and Software Technology Services Agreement by and among the Registrant, Ant Small and Micro Financial Services Group Co., Ltd. (currently known as Ant Group) and Alipay.com Co., Ltd., dated September 23, 2019</td>
</tr>
<tr>
<td>4.18(10)</td>
<td>Cross License Agreement by and between the Registrant and Ant Small and Micro Financial Services Group Co., Ltd. (currently known as Ant Group), dated September 23, 2019</td>
</tr>
<tr>
<td>4.19†</td>
<td>Third Amendment and Restatement Agreement, dated May 16, 2023, in respect of a US$4,000,000,000 Facility Agreement dated March 9, 2016</td>
</tr>
<tr>
<td>4.20†</td>
<td>Second Amendment and Restatement Agreement, dated May 16, 2023, in respect of a US$6,500,000,000 Facility Agreement dated April 7, 2017</td>
</tr>
<tr>
<td>4.21†</td>
<td>Amendment and Restatement Agreement, dated September 21, 2022, relating to a HK$7,653,750,000 term loan facility between Alibaba Group Services Limited, as Guarantor, and the other parties named therein, dated May 17, 2019</td>
</tr>
<tr>
<td>8.1</td>
<td>List of Subsidiaries and Consolidated Entities of the Registrant</td>
</tr>
<tr>
<td>11.1(5)</td>
<td>Code of Ethics of the Registrant</td>
</tr>
<tr>
<td>12.1</td>
<td>Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>12.2</td>
<td>Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>13.1(12)</td>
<td>Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>13.2(12)</td>
<td>Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>15.1</td>
<td>Consent of PricewaterhouseCoopers — Independent Registered Public Accounting Firm</td>
</tr>
<tr>
<td>15.2</td>
<td>Consent of Fangda Partners</td>
</tr>
<tr>
<td>15.3</td>
<td>Consent of Maples and Calder (Hong Kong) LLP</td>
</tr>
<tr>
<td>15.4(12)</td>
<td>Certification by the Chief Executive Officer Pursuant to Item 16I(a) of Form 20-F</td>
</tr>
<tr>
<td>101.INS</td>
<td>XBRL Instance Document</td>
</tr>
<tr>
<td>101.SCH</td>
<td>XBRL Taxonomy Extension Schema Document</td>
</tr>
<tr>
<td>101.CAL</td>
<td>XBRL Taxonomy Extension Calculation Linkbase Document</td>
</tr>
<tr>
<td>101.DEF</td>
<td>XBRL Taxonomy Extension Definition Linkbase Document</td>
</tr>
<tr>
<td>101.LAB</td>
<td>XBRL Taxonomy Extension Label Linkbase Document</td>
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<tr>
<td>101.PRE</td>
<td>XBRL Taxonomy Extension Presentation Linkbase Document</td>
</tr>
<tr>
<td>104</td>
<td>Cover Page Interactive Data File (embedded within the Inline XBRL document)</td>
</tr>
</tbody>
</table>

(1) Previously filed on Form 6-K, dated September 30, 2020 and incorporated herein by reference.
(2) Previously filed on Form 6-K, dated November 20, 2019 and incorporated herein by reference.
(3) Previously filed with the Registration Statement on Form F-6 (File No. 333-231579), dated May 17, 2019 and incorporated herein by reference.

(4) Previously filed with the Registration Statement on Form F-1 (File No. 333-195736), initially filed on May 6, 2014 and incorporated herein by reference.

(5) Previously filed with our Annual Report on Form 20-F for the Fiscal Year Ended on March 31, 2022 (File No. 001-36614), filed on July 26, 2022 and incorporated herein by reference.


(9) Previously filed on Form 6-K, dated February 2, 2018 and incorporated herein by reference.

(10) Previously filed with the Registration Statement on Form F-3 (File No. 333-234662), dated November 13, 2019 and incorporated herein by reference.


(12) Furnished with this annual report on Form 20-F.

† Portions of this exhibit have been omitted in accordance with Form 20-F's Instructions as to Exhibits.
SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Alibaba Group Holding Limited

By: /s/ Daniel Yong Zhang

Name: Daniel Yong Zhang
Title: Chairman and Chief Executive Officer

Date: July 21, 2023
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Alibaba Group Holding Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Alibaba Group Holding Limited and its subsidiaries (the “Company”) as of March 31, 2023 and 2022, and the related consolidated income statements, consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for each of the three years in the period ended March 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under the section of “Controls and Procedures” in the Company’s annual report. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.
**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Impairment assessment on goodwill relating to a reporting unit under the Digital media and entertainment segment**

As described in Note 2(y) and Note 17 to the consolidated financial statements, the Company’s balance of goodwill allocated to reporting units under the Digital media and entertainment segment as of March 31, 2023 was RMB30,825 million, primarily relating to one unlisted reporting unit. Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. During the year ended March 31, 2023, management has performed a quantitative impairment test on the goodwill relating to the unlisted reporting unit under the Digital media and entertainment segment. No impairment charge was recognized on the goodwill relating to the reporting unit as a result of the impairment test. The fair value of the reporting unit was determined based on the discounted cash flow analysis using the assumptions including the future growth rates and the weighted average cost of capital.

The principal considerations for our determination that performing procedures relating to the impairment assessment on goodwill relating to a reporting unit under the Digital media and entertainment segment is a critical audit matter are the significant judgment made and estimation used by management when determining the fair value of the reporting unit, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the future growth rates and the weighted average cost of capital. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s impairment assessment on goodwill relating to a reporting unit under the Digital media and entertainment segment, including controls relating to fair value determination of the reporting unit. These procedures also included, among others, testing the fair value of the reporting unit as determined by management, which included (i) evaluating the appropriateness of the valuation method; (ii) testing the completeness, mathematical accuracy and relevance of the key underlying data adopted in the valuation; and (iii) evaluating the reasonableness of the significant assumptions related to the future growth rates and the weighted average cost of capital used in the valuation by considering (i) the past performance of the reporting unit, and economic and industry forecasts; (ii) the weighted average cost of capital of comparable businesses; and (iii) the consistency with external market and industry data. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the valuation method, and the reasonableness of the future growth rate for terminal value and the weighted average cost of capital used in the valuation.
As described in Note 2(t) and Note 11 to the consolidated financial statements, the Company’s investments in privately held companies accounted for using the measurement alternative were RMB79,545 million as of March 31, 2023. Management recorded these investments at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer. Management recorded fair value adjustments to a portion of these investments with observable price changes during the year ended March 31, 2023. The fair value of these investments was determined based on valuation methods using the observable transaction price at the transaction date and considering the rights and obligations of the securities and other unobservable inputs including volatility.

The principal considerations for our determination that performing procedures relating to the fair value determination related to investments in privately held companies accounted for using the measurement alternative is a critical audit matter are the significant judgment made and estimation used by management when determining the fair value of the investments with observable price changes, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management’s assessment of whether the observable transaction is orderly and whether the investment involved is identical or similar to the Company’s investment of the same issuer and management’s determination of the fair value adjustments. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to fair value determination of the investments in privately held companies with observable price changes, including controls over management’s assessment of whether the observable transaction is orderly and whether the investment involved is identical or similar to the Company’s investment of the same issuer and controls over the determination of the fair value adjustments. These procedures also included, among others, testing the fair value of these investments as determined by management, which included (i) evaluating whether the observable transaction is orderly and whether the investment involved is identical or similar to the Company’s investment of the same issuer, (ii) testing the completeness, mathematical accuracy and relevance of key underlying data used in the valuation, and (iii) evaluating the rights and obligations of the securities and other unobservable inputs including volatility used in the valuation. The rights and obligations of the securities were evaluated by reading the investment agreements. The volatility was evaluated by considering the external market and industry data of comparable businesses. Professionals with specialized skill and knowledge were used to assist in evaluating the rights and obligations of the securities, and the reasonableness of the volatility used in the valuation.

/s/ PricewaterhouseCoopers
Hong Kong
July 21, 2023

We have served as the Company’s auditor since 1999.
## ALIBABA GROUP HOLDING LIMITED
### CONSOLIDATED INCOME STATEMENTS

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 RMB</td>
<td>2022 RMB</td>
<td>2023 RMB</td>
<td>US$ (Note 2(a))</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>5, 22</td>
<td>717,289</td>
<td>853,062</td>
<td>868,687</td>
<td>126,491</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>22</td>
<td>(421,205)</td>
<td>(539,450)</td>
<td>(549,695)</td>
<td>(80,042)</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>22</td>
<td>(57,236)</td>
<td>(55,465)</td>
<td>(56,744)</td>
<td>(8,263)</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>22</td>
<td>(81,519)</td>
<td>(119,799)</td>
<td>(103,496)</td>
<td>(15,070)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>22</td>
<td>(55,224)</td>
<td>(31,922)</td>
<td>(42,183)</td>
<td>(6,142)</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>22</td>
<td>(12,427)</td>
<td>(11,647)</td>
<td>(13,504)</td>
<td>(1,967)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>17</td>
<td>—</td>
<td>(25,141)</td>
<td>(2,714)</td>
<td>(395)</td>
</tr>
<tr>
<td>Income from operations</td>
<td></td>
<td>89,678</td>
<td>69,638</td>
<td>100,351</td>
<td>14,612</td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>72,794</td>
<td>(15,702)</td>
<td>(11,071)</td>
<td>(1,612)</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(4,476)</td>
<td>(4,909)</td>
<td>(5,918)</td>
<td>(862)</td>
<td></td>
</tr>
<tr>
<td>Other income, net</td>
<td>22</td>
<td>7,582</td>
<td>10,523</td>
<td>5,823</td>
<td>848</td>
</tr>
<tr>
<td>Income before income tax and share of results of equity method investees</td>
<td>165,578</td>
<td>59,550</td>
<td>89,185</td>
<td>12,986</td>
<td></td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>7</td>
<td>(29,278)</td>
<td>(26,815)</td>
<td>(15,549)</td>
<td>(2,264)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td></td>
<td>6,984</td>
<td>14,344</td>
<td>(8,063)</td>
<td>(1,174)</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>7,294</td>
<td>15,170</td>
<td>7,210</td>
<td>1,050</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to Alibaba Group Holding Limited</td>
<td>150,578</td>
<td>62,249</td>
<td>72,783</td>
<td>10,598</td>
<td></td>
</tr>
<tr>
<td>Accretion of mezzanine equity</td>
<td>(270)</td>
<td>(290)</td>
<td>(274)</td>
<td>(40)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to ordinary shareholders</td>
<td>150,308</td>
<td>61,959</td>
<td>72,509</td>
<td>10,558</td>
<td></td>
</tr>
<tr>
<td>Earnings per share attributable to ordinary shareholders</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>6.95</td>
<td>2.87</td>
<td>3.46</td>
<td>0.50</td>
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</tr>
<tr>
<td>Diluted</td>
<td>6.84</td>
<td>2.84</td>
<td>3.43</td>
<td>0.50</td>
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<tr>
<td>Earnings per ADS attributable to ordinary shareholders (one ADS equals eight ordinary shares)</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic</td>
<td>55.63</td>
<td>22.99</td>
<td>27.65</td>
<td>4.03</td>
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<tr>
<td>Diluted</td>
<td>54.70</td>
<td>22.74</td>
<td>27.46</td>
<td>4.00</td>
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<tr>
<td>Weighted average number of shares used in computing earnings per share (million shares)</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic</td>
<td>21,619</td>
<td>21,558</td>
<td>20,980</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>21,982</td>
<td>21,787</td>
<td>21,114</td>
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</table>

The accompanying notes form an integral part of these consolidated financial statements.
<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2021 RMB</td>
<td>2022 RMB</td>
<td>2023 RMB</td>
<td>US$ (Note 2(a))</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
<td></td>
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<tr>
<td><strong>Other comprehensive (loss) income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Foreign currency translation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Change in unrealized (losses) gains</td>
<td>(18,646)</td>
<td>(15,470)</td>
<td>22,332</td>
<td>3,252</td>
<td></td>
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<tr>
<td>- Share of other comprehensive income of equity method investees:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized (losses) gains</td>
<td>(1,449)</td>
<td>(784)</td>
<td>1,493</td>
<td>217</td>
<td></td>
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<tr>
<td>- Interest rate swaps under hedge accounting and others:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized gains</td>
<td>104</td>
<td>157</td>
<td>10</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive (loss) income</strong></td>
<td>(19,991)</td>
<td>(16,097)</td>
<td>23,835</td>
<td>3,471</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>123,293</td>
<td>30,982</td>
<td>89,408</td>
<td>13,019</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive loss attributable to noncontrolling interests</strong></td>
<td>9,005</td>
<td>17,361</td>
<td>6,480</td>
<td>944</td>
<td></td>
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<tr>
<td><strong>Total comprehensive income attributable to ordinary shareholders</strong></td>
<td>132,298</td>
<td>48,343</td>
<td>95,888</td>
<td>13,963</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
### ALIBABA GROUP HOLDING LIMITED
### CONSOLIDATED BALANCE SHEETS

<table>
<thead>
<tr>
<th>Notes</th>
<th>2022 RMB</th>
<th>2023 RMB</th>
<th>2023 US$ (Note 2(a))</th>
<th></th>
</tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2(p)</td>
<td>189,898</td>
<td>193,086</td>
<td>28,115</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>2(q)</td>
<td>256,514</td>
<td>326,492</td>
<td>47,541</td>
</tr>
<tr>
<td>Restricted cash and escrow receivables</td>
<td>10</td>
<td>37,455</td>
<td>36,424</td>
<td>5,304</td>
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<tr>
<td>Equity securities and other investments</td>
<td>11</td>
<td>8,673</td>
<td>4,892</td>
<td>712</td>
</tr>
<tr>
<td>Prepayments, receivables and other assets</td>
<td>13</td>
<td>145,995</td>
<td>137,072</td>
<td>19,960</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>638,535</td>
<td>697,966</td>
<td>101,632</td>
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<tr>
<td>Equity securities and other investments</td>
<td>11</td>
<td>223,611</td>
<td>245,737</td>
<td>35,782</td>
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<tr>
<td>Prepayments, receivables and other assets</td>
<td>13</td>
<td>113,147</td>
<td>110,926</td>
<td>16,152</td>
</tr>
<tr>
<td>Investments in equity method investees</td>
<td>14</td>
<td>219,642</td>
<td>207,380</td>
<td>30,197</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>15</td>
<td>171,806</td>
<td>176,031</td>
<td>25,632</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>16</td>
<td>59,231</td>
<td>46,913</td>
<td>6,831</td>
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<tr>
<td>Goodwill</td>
<td>17</td>
<td>269,581</td>
<td>268,091</td>
<td>39,037</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>1,695,553</td>
<td>1,753,044</td>
<td>255,263</td>
</tr>
<tr>
<td><strong>Liabilities, mezzanine equity and shareholders’ equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current bank borrowings</td>
<td>20</td>
<td>8,841</td>
<td>7,466</td>
<td>1,087</td>
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<tr>
<td>Current unsecured senior notes</td>
<td>21</td>
<td>—</td>
<td>4,800</td>
<td>699</td>
</tr>
<tr>
<td>Income tax payable</td>
<td></td>
<td>21,753</td>
<td>12,543</td>
<td>1,826</td>
</tr>
<tr>
<td>Accrued expenses, accounts payable and other liabilities</td>
<td>19</td>
<td>271,460</td>
<td>275,950</td>
<td>40,182</td>
</tr>
<tr>
<td>Merchant deposits</td>
<td>2(ac)</td>
<td>14,747</td>
<td>13,297</td>
<td>1,936</td>
</tr>
<tr>
<td>Deferred revenue and customer advances</td>
<td>18</td>
<td>66,983</td>
<td>71,295</td>
<td>10,381</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>383,784</td>
<td>385,351</td>
<td>56,111</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>18</td>
<td>3,490</td>
<td>3,560</td>
<td>518</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>7</td>
<td>61,706</td>
<td>61,745</td>
<td>8,991</td>
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<tr>
<td>Non-current bank borrowings</td>
<td>20</td>
<td>38,244</td>
<td>52,023</td>
<td>7,575</td>
</tr>
<tr>
<td>Non-current unsecured senior notes</td>
<td>21</td>
<td>94,259</td>
<td>97,065</td>
<td>14,134</td>
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<tr>
<td>Other liabilities</td>
<td>19</td>
<td>31,877</td>
<td>30,379</td>
<td>4,424</td>
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<tr>
<td>Total liabilities</td>
<td></td>
<td>613,360</td>
<td>630,123</td>
<td>91,753</td>
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</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
### ALIBABA GROUP HOLDING LIMITED
### CONSOLIDATED BALANCE SHEETS (CONTINUED)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2022</th>
<th>2023</th>
<th>(in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments and contingencies</td>
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<td></td>
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</tr>
<tr>
<td>Mezzanine equity</td>
<td>9,655</td>
<td>9,858</td>
<td>1,435</td>
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<tr>
<td>Shareholders’ equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares, US$0.000003125 par value; 32,000,000,000 shares authorized as of March 31, 2022 and 2023; 21,357,323,112 and 20,526,017,712 shares issued and outstanding as of March 31, 2022 and 2023 respectively</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>410,506</td>
<td>416,880</td>
<td>60,702</td>
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<td>Treasury shares, at cost</td>
<td>2(af)</td>
<td>(2,221)</td>
<td>(28,763)</td>
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<td>Subscription receivables</td>
<td>(46)</td>
<td>(49)</td>
<td>(7)</td>
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<tr>
<td>Statutory reserves</td>
<td>2(ag)</td>
<td>9,839</td>
<td>12,977</td>
</tr>
<tr>
<td>Accumulated other comprehensive (loss) income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative translation adjustments</td>
<td>(33,184)</td>
<td>(10,476)</td>
<td>(1,525)</td>
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<tr>
<td>Unrealized gains on interest rate swaps and others</td>
<td>27</td>
<td>59</td>
<td>8</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>563,557</td>
<td>599,028</td>
<td>87,225</td>
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<tr>
<td>Total shareholders’ equity</td>
<td>948,479</td>
<td>989,657</td>
<td>144,105</td>
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<td>Noncontrolling interests</td>
<td>124,059</td>
<td>123,406</td>
<td>17,970</td>
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<tr>
<td>Total equity</td>
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<td>1,113,063</td>
<td>162,075</td>
</tr>
<tr>
<td>Total liabilities, mezzanine equity and equity</td>
<td>1,695,553</td>
<td>1,753,044</td>
<td>255,263</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
### ALIBABA GROUP HOLDING LIMITED
#### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>Ordinary shares</th>
<th>Additional paid-in capital</th>
<th>Treasury reserve</th>
<th>Restructuring reserves</th>
<th>Subscription receivables</th>
<th>Statutory reserves</th>
<th>Cumulative translation adjustments</th>
<th>Unrealized gains (losses) on interest rate swaps and others</th>
<th>Retained earnings</th>
<th>Total shareholders’ equity</th>
<th>Noncontrolling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>Amount</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Balance as of April 1, 2020</td>
<td>21,491,994,944</td>
<td>1</td>
<td>343,707</td>
<td>—</td>
<td>—</td>
<td>(51)</td>
<td>6,100</td>
<td>(387)</td>
<td>(256)</td>
<td>406,287</td>
<td>755,401</td>
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<tr>
<td>Foreign currency translation adjustment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4</td>
<td>(17,092)</td>
<td>17</td>
<td>—</td>
<td>(17,071)</td>
<td>(1,571)</td>
<td>(18,642)</td>
</tr>
<tr>
<td>Share of additional paid-in capital and other comprehensive income of equity method investees</td>
<td>—</td>
<td>—</td>
<td>702</td>
<td>—</td>
<td>—</td>
<td>(1,451)</td>
<td>2</td>
<td>(747)</td>
<td>1</td>
<td>1</td>
<td>(746)</td>
</tr>
<tr>
<td>Change in fair value of interest rate swaps under hedge accounting and others</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>104</td>
<td>—</td>
<td>104</td>
<td>—</td>
<td>—</td>
<td>104</td>
</tr>
<tr>
<td>Net income for the year</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>150,578</td>
<td>150,578</td>
<td>—</td>
<td>143,144</td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
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<td>1,836</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,836</td>
<td>28,389</td>
<td>—</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>205</td>
<td>—</td>
<td>205</td>
</tr>
<tr>
<td>Repurchase and retirement of ordinary shares</td>
<td>(4,526,416)</td>
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<td>(79)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(694)</td>
<td>(773)</td>
<td>(773)</td>
<td>—</td>
<td>(773)</td>
</tr>
<tr>
<td>Transactions with noncontrolling interests</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>1,201</td>
<td>1,201</td>
<td>—</td>
<td>1,201</td>
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<td>Amortization of compensation cost</td>
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<td>—</td>
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<td>—</td>
<td>—</td>
<td>47,006</td>
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<td>Appropriation to statutory reserves</td>
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<td>—</td>
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<td>—</td>
<td>1,247</td>
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<td>1,247</td>
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<tr>
<td>Balance as of March 31, 2021</td>
<td>21,699,031,448</td>
<td>1</td>
<td>394,308</td>
<td>—</td>
<td>—</td>
<td>(47)</td>
<td>7,347</td>
<td>(18,930)</td>
<td>(133)</td>
<td>554,924</td>
<td>957,470</td>
</tr>
</tbody>
</table>

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### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY (CONTINUED)

<table>
<thead>
<tr>
<th>Ordinary shares</th>
<th>Additional paid-in capital</th>
<th>Treasury shares</th>
<th>Restructuring reserve</th>
<th>Subscription receivables</th>
<th>Statutory reserves</th>
<th>Cumulative translation adjustments</th>
<th>Unrealized gains (losses) on interest rate swaps and others</th>
<th>Retained earnings</th>
<th>Total shareholders’ equity</th>
<th>Noncontrolling interests</th>
<th>Total equity</th>
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</thead>
<tbody>
<tr>
<td>Share</td>
<td>Amount RMB</td>
<td>Paid-in RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>21,699,031,448</td>
<td>1</td>
<td>394,308</td>
<td>—</td>
<td>—</td>
<td>(47)</td>
<td>7,347</td>
<td>(18,930)</td>
<td>(133)</td>
<td>554,924</td>
<td>(13,466)</td>
<td>(2,003)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>—</td>
<td>—</td>
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<td>—</td>
<td>—</td>
<td>1</td>
<td>(13,470)</td>
<td>3</td>
<td>—</td>
<td>(13,466)</td>
<td>(2,003)</td>
</tr>
<tr>
<td>Share of additional paid-in capital and other comprehensive income of equity method investees</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(784)</td>
<td>—</td>
<td>—</td>
<td>(1,229)</td>
<td>2</td>
</tr>
<tr>
<td>Change in fair value of interest rate swaps under hedge accounting and others</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>157</td>
<td>—</td>
<td>157</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>62,249</td>
<td>62,249</td>
<td>—</td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of shares, including vesting of RSUs and early exercised options and exercise of share options</td>
<td>177,096,968</td>
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<td>109</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase and retirement of ordinary shares</td>
<td>(518,805,304)</td>
<td>—</td>
<td>(8,567)</td>
<td>(2,221)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(51,124)</td>
<td>(61,912)</td>
</tr>
<tr>
<td>Transactions with noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>6,057</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6,057</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of compensation cost</td>
<td>—</td>
<td>—</td>
<td>19,334</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Appropriation to statutory reserves</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,492</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,492)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of March 31, 2022</td>
<td>21,357,323,112</td>
<td>1</td>
<td>410,506</td>
<td>(2,221)</td>
<td>—</td>
<td>—</td>
<td>(46)</td>
<td>9,859</td>
<td>(133,184)</td>
<td>27</td>
<td>563,557</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
## Accumulated other comprehensive income (loss)

<table>
<thead>
<tr>
<th>Ordinary shares</th>
<th>Additional paid-in capital</th>
<th>Treasury shares</th>
<th>Restructuring reserve</th>
<th>Subscription receivables</th>
<th>Statutory translation adjustments</th>
<th>Cumulative interest rate swaps and others</th>
<th>Unrealized gains (losses) on derivative instruments</th>
<th>Retained earnings</th>
<th>Total shareholders’ equity</th>
<th>Noncontrolling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>Amount</td>
<td>RMB</td>
<td>Share</td>
<td>Amount</td>
<td>RMB</td>
<td>Share</td>
<td>Amount</td>
<td>RMB</td>
<td>Share</td>
<td>Amount</td>
<td>RMB</td>
</tr>
<tr>
<td>Balance as of April 1, 2022</td>
<td>21,357,323,112</td>
<td>1</td>
<td>410,506</td>
<td>(2,221)</td>
<td>—</td>
<td>(46)</td>
<td>9,839</td>
<td>(53,184)</td>
<td>27</td>
<td>563,557</td>
<td>948,479</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share of additional paid-in capital and other comprehensive income of equity method investees</td>
<td>—</td>
<td>—</td>
<td>(1,031)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,472</td>
<td>21</td>
<td>—</td>
<td>462</td>
</tr>
<tr>
<td>Change in fair value of interest rate swaps under hedge accounting and others</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10</td>
<td>—</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of shares, including vesting of RSUs and early exercised options and exercise of share options</td>
<td>201,547,520</td>
<td>—</td>
<td>11</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase and retirement of ordinary shares</td>
<td>(1,039,252,920)</td>
<td>—</td>
<td>(13,990)</td>
<td>(26,542)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Transactions with noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>(3,987)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of compensation cost</td>
<td>—</td>
<td>—</td>
<td>25,134</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Equity-settled donation</td>
<td>6,400,000</td>
<td>—</td>
<td>511</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Appropriation to statutory reserves</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,138</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td>—</td>
<td>(274)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(274)</td>
</tr>
<tr>
<td>Balance as of March 31, 2023</td>
<td>20,526,017,712</td>
<td>1</td>
<td>416,880</td>
<td>(28,763)</td>
<td>—</td>
<td>(49)</td>
<td>12,977</td>
<td>(10,476)</td>
<td>29</td>
<td>599,028</td>
<td>989,657</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.

F-11
## ALIBABA GROUP HOLDING LIMITED
### CONSOLIDATED STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>USS $(Note 2(a))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
<td>9,548</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation (gain) loss on previously held equity interest</td>
<td>(8,759)</td>
<td>2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(Gain) Loss on disposals of equity method investees</td>
<td>(644)</td>
<td>32</td>
<td>72</td>
<td>11</td>
</tr>
<tr>
<td>(Gain) Loss related to equity securities and other investments</td>
<td>(57,930)</td>
<td>20,479</td>
<td>14,911</td>
<td>2,171</td>
</tr>
<tr>
<td>Change in fair value of other assets and liabilities</td>
<td>250</td>
<td>1,478</td>
<td>(1,522)</td>
<td>(222)</td>
</tr>
<tr>
<td>Gain on disposals of subsidiaries</td>
<td>(383)</td>
<td>(1,163)</td>
<td>(14)</td>
<td>(2)</td>
</tr>
<tr>
<td>Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights</td>
<td>26,389</td>
<td>27,808</td>
<td>27,799</td>
<td>4,047</td>
</tr>
<tr>
<td>Amortization of intangible assets and licensed copyrights</td>
<td>21,520</td>
<td>20,257</td>
<td>19,139</td>
<td>2,787</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
<td>4,489</td>
</tr>
<tr>
<td>Equity-settled donation expense</td>
<td>—</td>
<td>—</td>
<td>511</td>
<td>75</td>
</tr>
<tr>
<td>Impairment of equity securities and other investments</td>
<td>7,481</td>
<td>8,922</td>
<td>13,327</td>
<td>1,941</td>
</tr>
<tr>
<td>Impairment of goodwill, intangible assets and licensed copyrights</td>
<td>1,688</td>
<td>25,886</td>
<td>6,658</td>
<td>970</td>
</tr>
<tr>
<td>Loss (Gain) on disposals of property and equipment</td>
<td>75</td>
<td>132</td>
<td>(163)</td>
<td>(24)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>(6,984)</td>
<td>(14,344)</td>
<td>8,063</td>
<td>1,174</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>3,236</td>
<td>(1,369)</td>
<td>(1,717)</td>
<td>(250)</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>1,935</td>
<td>1,739</td>
<td>2,802</td>
<td>408</td>
</tr>
<tr>
<td>Changes in assets and liabilities, net of effects of acquisitions and disposals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments, receivables and other assets, and long-term licensed copyrights</td>
<td>(43,611)</td>
<td>(32,496)</td>
<td>8,605</td>
<td>1,253</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>4,026</td>
<td>(3,526)</td>
<td>(9,214)</td>
<td>(1,342)</td>
</tr>
<tr>
<td>Accrued expenses, accounts payable and other liabilities</td>
<td>74,554</td>
<td>13,327</td>
<td>11,159</td>
<td>1,625</td>
</tr>
<tr>
<td>Merchant deposits</td>
<td>1,377</td>
<td>(270)</td>
<td>(1,450)</td>
<td>(211)</td>
</tr>
<tr>
<td>Deferred revenue and customer advances</td>
<td>14,162</td>
<td>4,815</td>
<td>4,382</td>
<td>638</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>231,786</td>
<td>142,759</td>
<td>199,752</td>
<td>29,086</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in short-term investments, net</td>
<td>(114,826)</td>
<td>(106,984)</td>
<td>(61,086)</td>
<td>(8,895)</td>
</tr>
<tr>
<td>Increase in other treasury investments, net</td>
<td>—</td>
<td>—</td>
<td>(40,794)</td>
<td>(5,940)</td>
</tr>
<tr>
<td>Settlement of forward exchange contracts, net</td>
<td>(803)</td>
<td>(448)</td>
<td>1,282</td>
<td>187</td>
</tr>
<tr>
<td>Acquisitions of equity securities and other investments, and other assets</td>
<td>(57,514)</td>
<td>(39,378)</td>
<td>(17,818)</td>
<td>(2,595)</td>
</tr>
<tr>
<td>Disposals of equity securities and other investments, and other assets</td>
<td>7,280</td>
<td>14,543</td>
<td>21,738</td>
<td>3,165</td>
</tr>
<tr>
<td>Acquisitions of equity method investees</td>
<td>(18,861)</td>
<td>(9,383)</td>
<td>(4,552)</td>
<td>(663)</td>
</tr>
<tr>
<td>Disposals and distributions of equity method investees</td>
<td>2,538</td>
<td>936</td>
<td>1,001</td>
<td>146</td>
</tr>
<tr>
<td>Disposals of intellectual property rights and assets</td>
<td>369</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Acquisitions of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land use rights, property and equipment</td>
<td>(41,450)</td>
<td>(53,309)</td>
<td>(34,330)</td>
<td>(4,999)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(1,735)</td>
<td>(15)</td>
<td>(22)</td>
<td>(3)</td>
</tr>
<tr>
<td>Disposals of property and equipment</td>
<td>—</td>
<td>—</td>
<td>644</td>
<td>94</td>
</tr>
<tr>
<td>Cash paid for business combinations, net of cash acquired</td>
<td>(19,137)</td>
<td>(4,087)</td>
<td>(1,204)</td>
<td>(175)</td>
</tr>
<tr>
<td>Deconsolidation and disposal of subsidiaries, net of cash proceeds</td>
<td>(126)</td>
<td>(11)</td>
<td>(5)</td>
<td>(1)</td>
</tr>
<tr>
<td>Loans to employees, net of repayments</td>
<td>(129)</td>
<td>(456)</td>
<td>(360)</td>
<td>(52)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(244,194)</td>
<td>(198,592)</td>
<td>(135,506)</td>
<td>(19,731)</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
ALIBABA GROUP HOLDING LIMITED  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) 

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th>Year ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Issuance of ordinary shares</td>
<td>175</td>
</tr>
<tr>
<td>Repurchase of ordinary shares</td>
<td>(773)</td>
</tr>
<tr>
<td>Acquisition of additional equity interests in non-wholly owned subsidiaries</td>
<td>(11,218)</td>
</tr>
<tr>
<td>Dividends paid by non-wholly owned subsidiaries to noncontrolling interests</td>
<td>(471)</td>
</tr>
<tr>
<td>Contingent consideration payments made after a business combination</td>
<td>—</td>
</tr>
<tr>
<td>Capital injection from noncontrolling interests</td>
<td>11,020</td>
</tr>
<tr>
<td>Proceeds from bank borrowings and other borrowings, net of upfront fee payment for a syndicated loan</td>
<td>6,402</td>
</tr>
<tr>
<td>Repayment of bank borrowings</td>
<td>(7,061)</td>
</tr>
<tr>
<td>Proceeds from unsecured senior notes, net of debt issuance cost</td>
<td>32,008</td>
</tr>
<tr>
<td>Repayment of unsecured senior notes</td>
<td>—</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>30,082</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables</td>
<td>(7,187)</td>
</tr>
<tr>
<td>Increase (Decrease) in cash and cash equivalents, restricted cash and escrow receivables at beginning of year</td>
<td>10,487</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at end of year</td>
<td>345,982</td>
</tr>
<tr>
<td>Cash and cash equivalents, restricted cash and escrow receivables at end of year</td>
<td>356,469</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
Supplemental disclosures of cash flow information:

Payment of income tax

Income tax paid was RMB20,898 million, RMB31,733 million and RMB26,476 million for the years ended March 31, 2021, 2022 and 2023, respectively.

Payment of interest

Interest paid was RMB4,101 million, RMB4,886 million and RMB5,637 million for the years ended March 31, 2021, 2022 and 2023, respectively.

Business combinations

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021 (in billions)</th>
<th>2022 (in billions)</th>
<th>2023 (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for business combinations</td>
<td>(27,014)</td>
<td>(5,282)</td>
<td>(1,254)</td>
</tr>
<tr>
<td>Cash acquired in business combinations</td>
<td>7,877</td>
<td>1,195</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>(19,137)</td>
<td>(4,087)</td>
<td>(1,204)</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
1. Organization and principal activities

Alibaba Group Holding Limited (the “Company”) is a limited liability company, which was incorporated in the Cayman Islands on June 28, 1999. The Company is a holding company and conducts its businesses primarily through its subsidiaries. In these consolidated financial statements, where appropriate, the term “Company” also refers to its subsidiaries as a whole. The Company provides the technology infrastructure and marketing reach to help merchants, brands, retailers and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way.

The Company has seven operating and reportable segments, namely China commerce, International commerce, Local consumer services, Cainiao, Cloud, Digital media and entertainment, and Innovation initiatives and others segments. An ecosystem has developed around the Company’s platforms and businesses that consists of consumers, merchants, brands, retailers, third-party service providers, strategic alliance partners and other businesses. As of March 31, 2023, the Company was in the process of implementing a new organizational and governance structure.

The Company’s China commerce segment is comprised of (i) China commerce retail businesses and (ii) China commerce wholesale businesses. China commerce retail businesses consist of Taobao, the digital retail platform and Tmall, the third-party online and mobile commerce platform, Taobao Deals, which offers consumers value-for-money products, Taocaicai, which provides next-day pick-up services for groceries and fresh goods at neighborhood pick-up points, as well as direct sales businesses, including Sun Art, Tmall Supermarket and Freshippo, which the Company has developed a digital commerce infrastructure that offers an upgraded consumer experience by integrating online and offline capabilities for the Company’s marketplaces and direct sales businesses. China commerce wholesale businesses include 1688.com, the integrated domestic wholesale marketplace.

The Company’s International commerce segment is comprised of (i) International commerce retail businesses and (ii) International commerce wholesale businesses. International commerce retail businesses include Lazada, the e-commerce platform in Southeast Asia, AliExpress, the international retail marketplace, Trendyol, the e-commerce platform in Türkiye, and Daraz, the e-commerce platform across South Asia with key markets in Pakistan and Bangladesh. International commerce wholesale businesses include Alibaba.com, the integrated international online wholesale marketplace.

The Company’s Local consumer services segment is comprised of (i) “To-Home” businesses which include Ele.me, the local services and on-demand delivery platform and (ii) “To-Destination” businesses which include Amap, the provider of mobile digital map, navigation and real-time traffic information in China, Fliggy, the online travel platform, and Koubei, the restaurant and local services guide platform for in-store consumption.

The Company’s Cainiao segment is comprised of Cainiao Network, which leverages the Company’s self-developed and the Company’s logistics partners’ capacity and capabilities, and offers domestic and international one-stop-shop logistics services and supply chain management solutions, fulfilling various logistics needs of merchants and consumers at scale.

The Company’s Cloud segment is comprised of Alibaba Cloud, a cloud business that offers a complete suite of cloud services, including proprietary servers, computing, storage, network, security, database, big data, container, machine learning, and model training and inference, as well as DingTalk, the intelligent collaboration workplace and application development platform that offers new ways of working, sharing and collaboration for modern enterprises and organizations.

The Company’s Digital media and entertainment segment leverages the Company’s deep consumer insights to serve the broader interests of consumers through the Company’s key distribution platforms, including Youku, and the Company’s other diverse content platforms, including Alibaba Pictures, that provide online videos, films, live events, news feeds and literature, among others. In addition, the Digital media and entertainment segment also includes Lingxi Games, a China’s digital interactive entertainment service provider, specializing in the development, operation and licensed publishing of mobile games and providing a professional distribution and service platform for both players and developers.

The Company’s Innovation initiatives and others segment includes businesses such as DAMO Academy, the global research program in cutting-edge technologies that aim to integrate and speed up knowledge exchange between science and industry, Tmall Genie, which provides a selection of IoT-enabled smart home appliances, and others.
1. Organization and principal activities (Continued)

The Company’s American depositary shares (“ADSs”) have been listed on the New York Stock Exchange (“NYSE”) under the symbol of “BABA” and the Company’s ordinary shares have been listed on the Hong Kong Stock Exchange (“HKSE”) under the codes “9988 (HKD Counter)” and “89988 (RMB Counter).”

2. Summary of significant accounting policies

(a) Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Translations of balances in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows from RMB into the US$ as of and for the year ended March 31, 2023 are solely for the convenience of the readers and are calculated at the rate of US$1.00=RMB6.8676, representing the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2023. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at this rate, or at any other rate.

(b) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. The Company considered the economic implications of the COVID-19 pandemic on its significant judgments and estimates. Given the impact and other unforeseen effects on the global economy from the COVID-19 pandemic, these estimates required increased judgment, and actual results could differ from these estimates.

(c) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, which include the PRC-registered entities directly or indirectly owned by the Company (“WFOEs”) and variable interest entities (“VIEs”) over which the Company is the primary beneficiary for accounting purposes only. All transactions and balances among the Company, its subsidiaries and the VIEs have been eliminated upon consolidation. The results of subsidiaries acquired or disposed of are recorded in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

A subsidiary is an entity in which (i) the Company directly or indirectly controls more than 50% of the voting power; or (ii) the Company has the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meetings of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders. A VIE is required to be consolidated by the primary beneficiary of the entity if the equity holders in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.
Due to legal restrictions on foreign ownership and investment in, among other areas, value-added telecommunications services, which include the operations of Internet content providers, the Company operates its Internet businesses and other businesses in which foreign investment is restricted or prohibited in the PRC through various contractual arrangements with VIEs that are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens. Specifically, these representative PRC domestic companies are Zhejiang Taobao Network Co., Ltd., Zhejiang Tmall Network Co., Ltd., Hangzhou Alibaba Advertising Co., Ltd., Hangzhou Ali Venture Capital Co., Ltd., Shanghai Rajax Information Technology Co., Ltd., Alibaba Cloud Computing Ltd. and Alibaba Culture Entertainment Co., Ltd. The registered capital of these PRC domestic companies was funded by the Company through loans extended to the equity holders of these PRC domestic companies.

The Company has entered into certain exclusive services agreements with these PRC domestic companies, which entitle it to receive substantially all of the profits of the VIEs. In addition, the Company has entered into certain agreements with the equity holders of these PRC domestic companies, including loan agreements that require them to contribute registered capital to those PRC domestic companies, exclusive call option agreements to acquire the equity interests in these companies when permitted by the PRC laws, rules and regulations, equity pledge agreements of the equity interests held by those equity holders, and proxy agreements that irrevocably authorize individuals designated by the Company to exercise the equity owner’s rights over these PRC domestic companies.

Details of the typical structure of the Company’s representative VIEs are set forth below:

**Loan agreements**

Pursuant to the relevant loan agreements, the respective WFOEs have granted loans to the equity holders of the VIEs, which may only be used for the purpose of its business operation activities agreed by the WFOEs or the acquisition of the relevant VIEs. The WFOEs may require acceleration of repayment at their absolute discretion. When the equity holders of the VIEs make early repayment of the outstanding amount, the WFOEs or a third-party designated by the WFOEs may purchase the equity interests in the VIEs at a price equal to the outstanding amount of the loan, subject to any applicable PRC laws, rules and regulations. The equity holders of the VIEs undertake not to enter into any prohibited transactions in relation to the VIEs, including the transfer of any business, material assets or equity interests in the VIEs to any third party.

**Exclusive call option agreements**

The equity holders of the VIEs have granted the WFOEs exclusive call options to purchase their equity interest in the VIEs at an exercise price equal to the higher of (i) the paid-in registered capital in the VIEs; and (ii) the minimum price as permitted by applicable PRC laws. Each relevant VIE has further granted the relevant WFOE an exclusive call option to purchase its assets at an exercise price equal to the book value of the assets or the minimum price as permitted by applicable PRC laws, whichever is higher. Certain VIEs and their equity holders will also jointly grant the WFOEs (A) exclusive call options to request the VIEs to decrease their registered capital at an exercise price equal to the higher of (i) the paid-in registered capital in the VIEs and (ii) the minimum price as permitted by applicable PRC laws (the “Capital Decrease Price”), and (B) exclusive call options to subscribe for any increased capital of the VIEs at a price equal to the Capital Decrease Price, or the sum of the Capital Decrease Price and the unpaid registered capital, if applicable, as of the capital decrease. The WFOEs may nominate another entity or individual to purchase the equity interest or assets, or to subscribe for the increased capital, if applicable, under the call options. Execution of each call option shall not violate the applicable PRC laws, rules and regulations. Each equity holder of the VIE has agreed that the following amounts, to the extent in excess of the original registered capital that they contributed to the VIE (after deduction of relevant tax expenses), belong to and shall be paid to the WFOEs: (i) proceeds from the transfer of its equity interests in the VIE, (ii) proceeds received in connection with a capital decrease in the VIE, and (iii) distributions or liquidation residuals from the disposal of its equity interests in the VIE upon termination or liquidation. Moreover, any profits, distributions or dividends (after deduction of relevant tax expenses) received by the VIEs also belong to and shall be paid to the WFOEs. The exclusive call option agreements remain in effect until the equity interest or assets that are the subject of these agreements are transferred to the WFOEs.
2. Summary of significant accounting policies (Continued)

(c) Consolidation (Continued)

Proxy agreements

Pursuant to the relevant proxy agreements, the equity holders of the VIEs irrevocably authorize any person designated by the WFOEs to exercise their rights of the equity holders of the VIEs, including without limitation the right to vote and appoint directors.

Equity pledge agreements

Pursuant to the relevant equity pledge agreements, the equity holders of the VIEs have pledged all of their interests in the equity of the VIEs as a continuing first priority security interest in favor of the corresponding WFOEs to secure the outstanding amounts advanced under the relevant loan agreements described above and to secure the performance of obligations by the VIEs and/or the equity holders under the other structure contracts. Each WFOE is entitled to exercise its right to dispose of the pledged interests in the equity of the VIE held by the equity holders and has priority in receiving payment by the application of proceeds from the auction or sale of the pledged interests, in the event of any breach or default under the loan agreement or other structure contracts, if applicable. These equity pledge agreements remain in force until the later of (i) the full performance of the contractual arrangements by the relevant parties, and (ii) the full repayment of the loans made to the equity holders of the VIEs.

Exclusive services agreements

Each relevant VIE has entered into an exclusive services agreement with the respective WFOE, pursuant to which the relevant WFOE provides exclusive services to the VIE. In exchange, the VIE pays a service fee to the WFOE, the amount of which shall be determined, to the extent permitted by applicable PRC laws as proposed by the WFOE, resulting in a transfer of substantially all of the profits from the VIE to the WFOE.

Other arrangements

The exclusive call option agreements described above also entitle the WFOEs to all profits, distributions or dividends (after deduction of relevant tax expenses) to be received by the equity holder of the VIEs, and the following amounts, to the extent in excess of the original registered capital that they contributed to the VIEs (after deduction of relevant tax expenses) to be received by each equity holder of the VIEs: (i) proceeds from the transfer of its equity interests in the VIEs, (ii) proceeds received in connection with a capital decrease in the VIEs, and (iii) distributions or liquidation residuals from the disposal of its equity interests in the VIEs upon termination or liquidation.

Based on these contractual agreements, the Company believes that the PRC domestic companies as described above should be considered as VIEs because the equity holders do not have significant equity at risk nor do they have the characteristics of a controlling financial interest. Given that the Company is the primary beneficiary of these PRC domestic companies, the Company believes that these VIEs should be consolidated based on the structure as described above.
2. Summary of significant accounting policies (Continued)

(c) Consolidation (Continued)

The following financial information of the consolidated VIEs and their subsidiaries was recorded in the accompanying consolidated financial statements:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RMB (in millions)</td>
<td>RMB</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>15,943</td>
<td>24,057</td>
<td></td>
</tr>
<tr>
<td>Investments in equity method investees and equity securities and other investments</td>
<td>37,647</td>
<td>40,597</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>22,003</td>
<td>19,023</td>
<td></td>
</tr>
<tr>
<td>Amounts due from non-VIE subsidiaries of the Company</td>
<td>28,377</td>
<td>26,863</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net and intangible assets, net</td>
<td>8,608</td>
<td>9,779</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>25,927</td>
<td>25,207</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>138,505</td>
<td>145,526</td>
<td></td>
</tr>
<tr>
<td>Amounts due to non-VIE subsidiaries of the Company</td>
<td>89,271</td>
<td>90,314</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses, accounts payable and other liabilities</td>
<td>38,826</td>
<td>39,612</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue and customer advances</td>
<td>13,570</td>
<td>14,051</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>141,667</td>
<td>143,977</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td></td>
<td>(in millions)</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Revenue (i)</td>
<td>93,029</td>
<td>111,498</td>
<td>112,270</td>
</tr>
<tr>
<td>Net income</td>
<td>2,557</td>
<td>5,944</td>
<td>2,442</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>329</td>
<td>19,932</td>
<td>4,378</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(18,445)</td>
<td>(16,710)</td>
<td>(2,044)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>14,463</td>
<td>(9,904)</td>
<td>1,386</td>
</tr>
</tbody>
</table>

(i) Revenue generated by the VIEs are primarily from cloud services, digital media and entertainment services and others.

The VIEs did not have any material related party transactions except for the related party transactions which are disclosed in Note 22 or elsewhere in these consolidated financial statements, and those transactions with other subsidiaries that are not VIEs, which were eliminated upon consolidation.

Under the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs and can have assets transferred out of the VIEs under its control. Therefore, the Company considers that there is no asset in any of the VIEs that can be used only to settle obligations of the VIEs, except for registered capital and PRC statutory reserves. As all VIEs are incorporated as limited liability companies under the Company Law of the corresponding jurisdictions, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the VIEs.

Currently, there is no contractual arrangement which requires the Company to provide additional financial support to the VIEs. However, as the Company conducts its businesses primarily based on the licenses and approvals held by its VIEs, the Company has provided and will continue to provide financial support to the VIEs considering the business requirements of the VIEs as well as the Company’s own business objectives in the future.

Unrecognized revenue-producing assets held by the VIEs include certain Internet content provision and other licenses, domain names and trademarks. The Internet content provision and other licenses are required under relevant PRC laws, rules and regulations for the operation of Internet businesses in the PRC, and therefore are integral to the Company’s operations. The Internet content provision licenses require that core PRC trademark registrations and domain names are held by the VIEs that provide the relevant services.
2. Summary of significant accounting policies (Continued)

(d) Business combinations and noncontrolling interests

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 “Business Combinations.” The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Company and equity instruments issued by the Company. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the acquisition date amounts of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the acquisition date amounts of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statements. During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Subsequent to the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any further adjustments are recorded in the consolidated income statements.

In a business combination achieved in stages, the Company re-measures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated income statements.

When there is a change in ownership interests or a change in contractual arrangements that results in a loss of control of a subsidiary, the Company deconsolidates the subsidiary from the date control is lost. Any retained noncontrolling investment in the former subsidiary is measured at fair value and is included in the calculation of the gain or loss upon deconsolidation of the subsidiary.

For the Company’s non-wholly owned subsidiaries, a noncontrolling interest is recognized to reflect the portion of equity that is not attributable, directly or indirectly, to the Company. When the noncontrolling interest is contingently redeemable upon the occurrence of a conditional event, which is not solely within the control of the Company, the noncontrolling interest is classified as mezzanine equity. The Company accretes changes in the redemption value over the period from the date that it becomes probable that the mezzanine equity will become redeemable to the earliest redemption date using the effective interest method. Consolidated net income in the consolidated income statements includes net income or loss attributable to noncontrolling interests and mezzanine equity holders when applicable.

Net income attributable to mezzanine equity holders is included in net loss attributable to noncontrolling interests in the consolidated income statements, while it is excluded from the consolidated statements of changes in shareholders’ equity. During the years ended March 31, 2021, 2022 and 2023, net income attributable to mezzanine equity holders amounted to RMB140 million, RMB188 million and RMB365 million, respectively. The cumulative results of operations attributable to noncontrolling interests, along with adjustments for share-based compensation expense arising from outstanding share-based awards relating to subsidiaries’ shares, are also recorded as noncontrolling interests on the Company’s consolidated balance sheets. Cash flows related to transactions with noncontrolling interests are presented under financing activities in the consolidated statements of cash flows.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”), which is comprised of certain members of the Company’s management team. Prior to the quarter ended December 31, 2021, the Company had four operating and reportable segments, namely Core commerce, Cloud computing, Digital media and entertainment, and Innovation initiatives and others segments. Starting from the quarter ended December 31, 2021, the CODM started to review information under a new reporting structure, and segment reporting has been updated to conform to this change, which also provides greater transparency in the Company’s business progress and financial performance. Consequently, the Company presents seven operating and reportable segments as set out in Notes 1 and 26 to reflect the change. As of March 31, 2023, the Company was in the process of implementing a new organizational and governance structure. Following the implementation of the new organizational structure, the segment reporting will be updated to reflect the new reporting structure that will be reviewed by the CODM.
2. Summary of significant accounting policies (Continued)

(f) Foreign currency translation

The functional currency of the Company is US$. The Company’s subsidiaries with operations in Chinese mainland, the Hong Kong Special Administrative Region of the PRC (“Hong Kong” or “Hong Kong S.A.R.”), the United States and other jurisdictions generally use their respective local currencies as their functional currencies. When the Company determines that a subsidiary is operating in a highly inflationary economy, the financial statements of this subsidiary shall be remeasured prospectively as if the functional currency were the functional currency of its immediate parent company. The reporting currency of the Company is RMB as the major operations of the Company are within the PRC. The financial statements of the Company’s subsidiaries, other than the subsidiaries with the functional currency of RMB, are translated into RMB using the exchange rate as of the balance sheet date for assets and liabilities and the average daily exchange rate for each month for income and expense items. Translation gains and losses are recorded in accumulated other comprehensive income or loss as a component of shareholders’ equity.

In the financial statements of the Company’s subsidiaries, transactions in currencies other than the functional currency are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate at the balance sheet date. All gains and losses arising from foreign currency transactions are recorded in the consolidated income statements during the year in which they occur.

(g) Revenue recognition

Revenue is principally comprised of customer management services revenue, membership fees, logistics services revenue, cloud services revenue, sales of goods and other revenue. Revenue represents the amount of consideration the Company is entitled to upon the transfer of promised goods or services in the ordinary course of the Company’s activities and is recorded net of value-added tax (“VAT”). Consistent with the criteria of ASC 606 “Revenue from Contracts with Customers”, the Company recognizes revenue when performance obligations are satisfied by transferring control of a promised good or service to a customer. For performance obligations that are satisfied at a point in time, the Company also considers the following indicators to assess whether control of a promised good or service is transferred to the customer: (i) right to payment, (ii) legal title, (iii) physical possession, (iv) significant risks and rewards of ownership and (v) acceptance of the good or service. For performance obligations satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of a performance obligation.

For revenue arrangements with multiple distinct performance obligations, each distinct performance obligation is separately accounted for and the total consideration is allocated to each performance obligation based on the relative standalone selling price at contract inception.

The Company evaluates if it is a principal or an agent in a transaction to determine whether revenue should be recorded on a gross or net basis. The Company is acting as the principal if it obtains control over the goods and services before they are transferred to customers. Generally, when the Company is primarily obligated in a transaction, it is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Company acts as the principal and revenue is recorded on a gross basis. Generally, when the Company is not primarily obligated in a transaction, it does not bear the inventory risk and does not have the ability to establish the price, the Company acts as the agent and revenue is recorded on a net basis.

When services are exchanged or swapped for other services, revenue is recognized based on the estimated standalone selling price of services promised to customer if the fair value of the services received cannot be reasonably estimated. The amount of revenue recognized for barter transactions was not material for each of the periods presented.

Practical expedients and exemptions

The Company applies the practical expedient to not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less and contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed.
2. Summary of significant accounting policies (Continued)

(g) Revenue recognition (Continued)

The Company applies the practical expedient to not adjust any of the transaction price for the time value of money for contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer is within one year.

Revenue recognition policies by type are as follows:

(i) Customer management services revenue

Within the Company’s China commerce and International commerce segments, the Company provides the following customer management services to merchants on the Company’s retail and wholesale marketplaces and certain third-party marketing affiliates’ websites:

Pay-for-performance (“P4P”) marketing services

P4P marketing services allow merchants to bid for keywords that match product or service listings appearing in search results on the Company’s marketplaces. Merchants bid for keywords through an online auction system. The positioning of the listings and the price for the positioning are determined through an online auction system, which facilitates price discovery through a market-based mechanism. In general, merchants prepay for P4P marketing services and the related revenue is recognized when a user clicks their product or service listings as this is the point of time when the merchants benefit from the marketing services rendered.

In-feed marketing services

In-feed marketing services allow merchants to bid to market to groups of consumers with similar profiles that match product or service listings appearing in browser results on the Company’s marketplaces. Merchants bid for groups of consumers with similar profiles through an online auction system. The positioning of the listings and the price for the positioning are determined through an online auction system, which facilitates price discovery through a market-based mechanism. In general, merchants prepay for in-feed marketing services and the related revenue is recognized when a user clicks their product or service listings as this is the point of time when the merchants benefit from the marketing services rendered.

Display marketing services

Display marketing services allow merchants to place advertisements on the Company’s marketplaces, at fixed prices or prices established by a market-based bidding system and in particular formats. In general, merchants need to prepay for display marketing which is accounted for as customer advances and revenue is recognized either ratably over the period in which the advertisement is displayed as the merchants simultaneously consume the benefits as the advertisement is displayed or when an advertisement is viewed by users, depending on the type of marketing services selected by the merchants.
2. Summary of significant accounting policies (Continued)

(g) Revenue recognition (Continued)

The Company also places P4P marketing services content and display marketing services content through the third-party marketing affiliate program. A substantial portion of customer management services revenue generated through the third-party marketing affiliate program represented P4P marketing services revenue. In delivery of these customer management services, the Company, through the third-party marketing affiliate program, places the P4P marketing services content of the participating merchants on third-party online resources in the forms of picture or text links through contextual relevance technology to match merchants’ marketing content to the textual content of the third-party online resources and the users’ attributes based on the Company’s systems and algorithms. When the links on third-party online resources are clicked, users are diverted to a landing page of the Company’s marketplaces where listings of the participating merchant as well as similar products or services of other merchants are presented. In limited cases, the Company may embed a search box for one of its marketplaces on the third-party online resources, and when a keyword is input into the search box, the user will be diverted to the Company’s marketplaces where search results are presented. Revenue is recognized when the users further click on the P4P marketing content on the landing pages. The Company places display marketing content on third-party online resources in a similar manner. In general, merchants need to prepay for display marketing which is accounted for as customer advances and revenue is recognized ratably over the period in which the advertisement is displayed as merchants simultaneously consume the benefits as the advertisement is displayed.

P4P marketing services revenue, in-feed marketing services revenue, as well as display marketing services revenue generated on the Company’s marketplaces or through the third-party marketing affiliate program are recorded on a gross basis when the Company is the principal to the merchants in the arrangements. For third-party marketing affiliates with whom the Company has an arrangement to share the revenue, traffic acquisition cost is also recognized at the same time if the P4P marketing content on the landing page clicked by the users is from merchants participating in the third-party marketing affiliate program.

Commissions on transactions

The Company earns commissions from merchants when transactions are completed on Tmall and certain other retail marketplaces of the Company. The commissions are generally determined as a percentage based on the value of merchandise being sold by the merchants. The commission revenue includes merchant deposits that are expected to be non-refundable and is accounted for as variable consideration (Note 2(ac)), which is estimated at contract inception and updated at the end of each reporting period if additional information becomes available. Revenue related to commissions is recognized in the consolidated income statements based on the expected value when the performance obligation is satisfied. Adjustments to the estimated variable consideration related to prior reporting periods were not material for each of the periods presented.

Taobaoke services

In addition, the Company offers the Taobaoke program which generates commissions from merchants for transactions completed by consumers sourced from certain third-party marketing affiliates’ websites and mobile apps. The commission rates on Taobaoke are set by the merchants. The Company’s commission revenue is recognized at the time when the underlying transaction is completed. The Company evaluates if it is a principal or an agent in a transaction to determine whether the commission revenue is recognized on a gross or net basis. When the Company is the agent of the arrangement (such as arrangements where the Company does not have latitude in establishing prices or does not have inventory risk), the commission revenue is recorded on a net basis. When the Company is the principal of the arrangement (such as arrangements where the Company is obligated to pay for website inventory costs in fixed amounts to third-party marketing affiliates regardless of whether commission revenue is generated from these marketing affiliates), the commission revenue is recorded on a gross basis.
2. Summary of significant accounting policies (Continued)

(g) Revenue recognition (Continued)

(ii) Membership fees

The Company earns membership fees revenue from wholesale sellers in respect of the sale of membership packages and subscriptions that allow them to host premium storefronts on the Company’s wholesale marketplaces, as well as the provision of other value-added services, and from customers in respect of the sale of membership packages which allow them to access premium content on Youku’s paid content platforms. These service fees are paid in advance for a specific contracted service period. All these fees are initially deferred as deferred revenue and customer advances when received and revenue is recognized ratably over the term of the respective service contracts as the services are provided.

(iii) Logistics services revenue

The Company earns logistics services revenue from domestic and international one-stop-shop logistics services and the supply chain management solutions provided by Cainiao Network and Lazada as well as on-demand delivery services provided by Ele.me. Revenue is recognized at the time when the logistics services are provided.

(iv) Cloud services revenue

The Company earns cloud services revenue from the provision of cloud services such as proprietary servers, computing, storage, network, security, database, big data, container, machine learning, and model training and inference. Certain cloud services allow customers to use hosted software over the contract period without taking possession of the software. These cloud services are mainly charged on either a subscription or consumption basis. Revenue related to cloud services charged on a subscription basis is recognized ratably over the contract period. Revenue related to cloud services charged on a consumption basis, such as the quantity of storage or elastic computing services used in a period, is recognized based on the customer utilization of the resources.

For the provision of hybrid cloud services, which include hardware, software licenses, software installation services, application development and maintenance services, each distinct performance obligation identified is separately accounted for and the total consideration is allocated to each performance obligation based on the relative standalone selling prices at contract inception. Revenue for each performance obligation is recognized when the control of the promised goods or services is transferred to the customer.

(v) Sales of goods

Revenue from the sales of goods is mainly generated from Sun Art, Tmall Supermarket and Freshippo. Revenue from the sales of goods is recognized when the control over the promised goods is transferred to customers. Receipts of fees in respect of all other incidental goods or services provided by the Company that are distinct performance obligations are recognized when the control of the underlying goods or services is transferred to the customers. The amounts relating to these incidental services are not material to the Company’s total revenue for each of the periods presented.

(h) Cost of revenue

Cost of revenue consists primarily of cost of inventories, logistics costs, expenses associated with the operation of the Company’s mobile platforms and websites (such as depreciation and maintenance expenses for servers and computers, call centers and other equipment, and bandwidth and co-location fees), staff costs and share-based compensation expense, traffic acquisition costs, content costs, payment processing fees and other related incidental expenses that are directly attributable to the Company’s principal operations.
2. Summary of significant accounting policies (Continued)

(i) Product development expenses

Product development expenses consist primarily of staff costs and share-based compensation expense for research and
development personnel and other expenses that are directly attributable to the development of new technologies and products for
the businesses of the Company, such as the development of the Internet infrastructure, applications, operating systems, software,
databases and networks.

The Company expenses all costs that are incurred in connection with the planning and implementation phases of development and
costs that are associated with repair or maintenance of the existing websites or the development of software and website content.
Costs incurred in the development phase are capitalized and amortized over the estimated product life. However, as the amount of
costs qualified for capitalization has been insignificant, all website and software development costs have been expensed as
incurred.

(j) Sales and marketing expenses

Sales and marketing expenses consist primarily of online and offline advertising expenses, promotion expenses, staff costs and
share-based compensation expense, sales commissions and other related incidental expenses that are incurred directly to attract or
retain consumers and merchants.

The Company expenses the costs of producing advertisements at the time production occurs, and expenses the costs of delivering
advertisements in the period in which the advertising space or airtime is used. Advertising and promotional expenses totaled
RMB57,073 million, RMB91,103 million and RMB76,818 million during the years ended March 31, 2021, 2022 and 2023,
respectively.

(k) Share-based compensation

Share-based awards granted are measured at fair value on grant date and the value is recognized as share-based compensation
expense (i) immediately at the grant date if no vesting conditions are required, or (ii) using the accelerated attribution method, net
of estimated forfeitures, over the requisite service period. The fair values of restricted share units (”RSUs”) and restricted shares
are determined with reference to the fair value of the underlying shares and the fair value of share options is generally determined
using the Black-Scholes valuation model. Share-based compensation expense, when recognized, is charged to the consolidated
income statements with the corresponding entry to additional paid-in capital, liability or noncontrolling interests as disclosed in
Note 2(d).

On each measurement date, the Company reviews internal and external sources of information to assist in the estimation of
various attributes to determine the fair value of the share-based awards, including the fair value of the underlying shares, expected
life and expected volatility. The Company recognizes the impact of any revisions to the original forfeiture rate assumptions in the
consolidated income statements, with a corresponding adjustment to equity or liability.

(l) Other employee benefits

The Company’s subsidiaries in the PRC participate in a government-mandated multi-employer defined contribution plan pursuant
to which certain retirement, medical and other welfare benefits are provided to employees. The relevant labor regulations require
the Company’s subsidiaries in the PRC to pay the local labor and social welfare authorities monthly contributions based on the
applicable benchmarks and rates stipulated by the local government. The relevant local labor and social welfare authorities are
responsible for meeting all retirement benefits obligations and the Company’s subsidiaries in the PRC have no further
commitments beyond their monthly contributions. The contributions to the plan are expensed as incurred. The Company also
makes payments to other defined contribution plans and defined benefit plans for the benefit of employees employed by
subsidiaries outside of the PRC.
2. Summary of significant accounting policies (Continued)

(l) Other employee benefits (Continued)

During the years ended March 31, 2021, 2022 and 2023, contributions to the plans amounting to RMB8,223 million, RMB13,086 million and RMB13,953 million, respectively, were charged to the consolidated income statements. Amounts contributed to defined benefit plans during the years ended March 31, 2021, 2022 and 2023 were insignificant.

(m) Income taxes

The Company accounts for income taxes using the liability method, under which deferred income tax is recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax of a change in tax rates is recognized as income or expense in the period that includes the enactment date. Valuation allowance is provided on deferred tax assets to the extent that it is more likely than not that the asset will not be realizable in the foreseeable future.

Deferred tax is recognized on the undistributed earnings of subsidiaries, which are presumed to be distributed to parent companies, unless there is sufficient evidence that the subsidiaries have invested or will invest the undistributed earnings permanently in the domestic jurisdictions or the earnings will not be subject to tax upon the subsidiaries’ liquidation. Deferred tax is recognized for temporary differences in relation to certain investments in equity method investees, equity securities and other investments.

The Company adopts ASC 740 “Income Taxes” which prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures. The Company did not have significant unrecognized uncertain tax positions or any unrecognized liabilities, interest or penalties associated with unrecognized tax benefit as of and for the years ended March 31, 2021, 2022 and 2023.

In April 2021, the Company adopted ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes”. ASU 2019-12 simplifies various aspects related to accounting for income taxes, removing certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. The adoption of ASU 2019-12 did not have a material impact on the Company’s financial position, results of operations and cash flows.

(n) Government grants

Government grants, which mainly represent amounts received from central and local governments in connection with the Company’s investments in local business districts and contributions to technology development, are recognized as income in other income, net or as a reduction of specific costs and expenses for which the grants are intended to compensate. Such amounts are recognized in the consolidated income statements upon receipt and when all conditions attached to the grants are fulfilled. For the years ended March 31, 2021, 2022 and 2023, government grants recorded as a reduction of specific costs and expenses were RMB4,532 million, RMB6,028 million and RMB5,889 million, respectively. For the years ended March 31, 2021, 2022 and 2023, government grants recorded as other income were RMB1,589 million, RMB1,661 million and RMB1,857 million, respectively. As of March 31, 2022 and 2023, government grants recorded as other liabilities were RMB1,071 million and RMB1,687 million, respectively.

Government grants related to assets are recognized as a reduction of the carrying amount of the related asset when all conditions attached to the grants are fulfilled and are recognized in the consolidated income statements as a reduction of related depreciation or amortization expense over the estimated useful life of the related asset on a straight-line method.

In April 2022, the Company adopted ASU 2021-10, “Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance”, which provides guidance on the disclosure of transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. The adoption of this guidance did not have a material impact on the financial position, results of operations and cash flows.
(2) Summary of significant accounting policies (Continued)

(o) Leases

The Company determines if an arrangement is a lease at inception. Leases that transfer substantially all of the benefits and risks incidental to the ownership of assets are accounted for as finance leases as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. The Company has no significant finance leases.

The Company recognizes lease liabilities and corresponding right-of-use assets on the balance sheet for leases. Operating lease right-of-use assets are included in non-current prepayments, receivables and other assets (Note 13), and operating lease liabilities are included in current accrued expenses, accounts payable and other liabilities and other non-current liabilities (Note 19) on the consolidated balance sheets. Operating lease right-of-use assets and operating lease liabilities are initially recognized based on the present value of future lease payments at lease commencement. The operating lease right-of-use asset also includes any lease payments made prior to lease commencement and the initial direct costs incurred by the lessee and is recorded net of any lease incentives received. As the interest rates implicit in most of the leases are not readily determinable, the Company uses the incremental borrowing rates based on the information available at lease commencement to determine the present value of the future lease payments. Operating lease expenses are recognized on a straight-line basis over the term of the lease.

The Company elected to combine the lease and non-lease components for leases of certain asset classes such as shops and malls and equipment leases. Lease and non-lease components for leases of other asset classes are accounted for separately. The Company also elected not to recognize short-term leases with an initial lease term of twelve months or less.

(p) Cash and cash equivalents

The Company considers all short-term, highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents primarily represent bank deposits and fixed deposits with original maturities of less than three months.

(q) Short-term investments

Short-term investments consist primarily of investments in fixed deposits with original maturities between three months and one year and certain investments in wealth management products, certificates of deposits, marketable debt securities and other investments that the Company has the intention to redeem within one year.

(r) Accounts receivable

Accounts receivable represent the amounts that the Company has an unconditional right to consideration. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible receivable amounts which is estimated using the approach based on expected losses. The allowance for doubtful accounts were RMB4,912 million and RMB6,174 million as of March 31, 2022 and 2023, respectively. The Company’s estimation of allowance for doubtful accounts considers factors such as historical credit loss experience, age of receivable balances, current market conditions, reasonable and supportable forecasts of future economic conditions, as well as an assessment of receivables due from specific identifiable counterparties to determine whether these receivables are considered at risk or uncollectible. The Company assesses collectibility by pooling receivables that have similar risk characteristics and evaluates receivables individually when specific receivables no longer share those risk characteristics. For receivables evaluated individually, when it is determined that foreclosure is probable or when the debtor is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.
2. Summary of significant accounting policies (Continued)

(s) Inventories

Inventories mainly consist of merchandise available for sale. They are accounted for using the weighted average cost method and stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(t) Equity securities and other investments

Equity securities and other investments represent the Company’s investments in equity securities that are not accounted for under the equity method, as well as other investments which primarily consist of debt investments.

(i) Equity securities

Equity securities not accounted for using the equity method are carried at fair value with unrealized gains and losses recorded in the consolidated income statements, according to ASC 321 “Investments — Equity Securities”.

The Company elected to record a majority of equity investments in privately held companies using the measurement alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer.

Equity investments in privately held companies accounted for using the measurement alternative are subject to periodic impairment reviews. The Company’s impairment analysis considers both qualitative and quantitative factors that may have a significant effect on the fair value of these equity securities, including consideration of the impact of the COVID-19 pandemic and Russia-Ukraine conflict.

In computing realized gains and losses on equity securities, the Company determines cost based on amounts paid using the average cost method. Dividend income is recognized when the right to receive the payment is established.

(ii) Debt investments

Debt investments consist of investments in debt securities and loan investments which are accounted for at amortized cost or under the fair value option, which the Company has elected for certain investments including convertible and exchangeable bonds subscribed. The fair value option permits the irrevocable election on an instrument-by-instrument basis at initial recognition or upon an event that gives rise to a new basis of accounting for that instrument. The investments accounted for under the fair value option are carried at fair value with unrealized gains and losses recorded in the consolidated income statements. Interest income from debt investments is recognized using the effective interest method which is reviewed and adjusted periodically based on changes in estimated cash flows. Debt investments also include other treasury investments which consist of investments in fixed deposits and certificates of deposits with original maturities over one year for treasury purposes. The remaining maturities of these treasury investments held by the Company generally range from one to three years.

(u) Investments in equity method investees

The Company applies the equity method to account for equity investments in common stock or in-substance common stock, according to ASC 323 “Investments — Equity Method and Joint Ventures”, over which it has significant influence but does not own a controlling financial interest, unless the fair value option is elected for an investment.

An investment in in-substance common stock is an investment in an entity that has risk and reward characteristics that are substantially similar to that entity’s common stock. The Company considers subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to an investment in that entity’s common stock.
2. Summary of significant accounting policies (Continued)

(u) Investments in equity method investees (Continued)

Under the equity method, the Company’s share of the post-acquisition profits or losses of the equity method investee is recognized in the consolidated income statements and its share of post-acquisition movements in accumulated other comprehensive income is recognized in other comprehensive income. The Company records its share of the results of the equity method investees on a one quarter in arrears basis. The excess of the carrying amount of the investment over the underlying equity in net assets of the equity method investee generally represents goodwill and intangible assets acquired. When the Company’s share of losses of the equity method investee equals or exceeds its interest in the equity method investee, the Company does not recognize further losses, unless the Company has incurred obligations or made payments or guarantees on behalf of the equity method investee.

The Company continually reviews its investments in equity method investees to determine whether a decline in fair value below the carrying value is other-than-temporary. The primary factors the Company considers in its determination include the severity and the length of time that the fair value of the investment is below its carrying value; the financial condition, the operating performance and the prospects of the equity method investee; the geographic region, market and industry in which the equity method investee operates, including consideration of the impact of the COVID-19 pandemic and Russia-Ukraine conflict; and other company specific information such as recent financing rounds completed by the equity method investee. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the investment in the equity method investee is written down to its fair value.

(v) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is computed using the straight-line method with no residual value based on the estimated useful lives of the various classes of assets, which range as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment and software</td>
<td>3 – 5 years</td>
</tr>
<tr>
<td>Furniture, office and transportation equipment and others</td>
<td>3 – 10 years</td>
</tr>
<tr>
<td>Buildings and other property</td>
<td>10 – 50 years</td>
</tr>
<tr>
<td>Property improvements</td>
<td>shorter of remaining lease period or estimated useful life</td>
</tr>
</tbody>
</table>

Construction in progress represents buildings and related premises under construction, which is stated at actual construction cost less any impairment loss. Construction in progress is transferred to the respective category of property and equipment when completed and ready for its intended use.

Costs of repairs and maintenance are expensed as incurred and asset improvements are capitalized. The cost and related accumulated depreciation of assets disposed of or retired are removed from the accounts, and any resulting gain or loss is reflected in the consolidated income statements.
2. Summary of significant accounting policies (Continued)

(w) Intangible assets other than licensed copyrights

Intangible assets mainly include those acquired through business combinations and purchased intangible assets. Intangible assets acquired through business combinations are recognized as assets separate from goodwill if they satisfy either the “contractual-legal” or “separability” criterion. Intangible assets arising from business combinations are measured at fair value upon acquisition using valuation techniques such as discounted cash flow analysis and ratio analysis with reference to comparable companies in similar industries under the income approach, market approach and cost approach. Major assumptions used in determining the fair value of these intangible assets include future growth rates and weighted average cost of capital. Purchased intangible assets are initially recognized and measured at cost upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method as follows:

<table>
<thead>
<tr>
<th>Intangible Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>User base and customer relationships</td>
<td>3 – 16 years</td>
</tr>
<tr>
<td>Trade names, trademarks and domain names</td>
<td>5 – 20 years</td>
</tr>
<tr>
<td>Developed technology and patents</td>
<td>2 – 7 years</td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>over the contracted term of up to 10 years</td>
</tr>
</tbody>
</table>

(x) Licensed copyrights

Licensed copyrights related to titles to movies, television series, variety shows, animations and other video content acquired from external parties are carried at the lower of unamortized cost or fair value. The amortization period for the licensed content vary depending on the type of content, which typically ranges from six months to ten years. Licensed copyrights are presented on the consolidated balance sheets as current assets under prepayments, receivables and other assets, or non-current assets under intangible assets, net, based on estimated time of usage. Licensed copyrights are generally amortized using an accelerated method based on historical viewership consumption patterns. Estimates of the consumption patterns for licensed copyrights are reviewed periodically and revised if necessary. For the years ended March 31, 2021, 2022 and 2023, amortization expenses in connection with the licensed copyrights of RMB9,093 million, RMB8,610 million and RMB8,446 million were recorded in cost of revenue within the Company’s Digital media and entertainment segment.

On a periodic basis, the Company evaluates the program usefulness of licensed copyrights pursuant to the guidance in ASC 920 “Entertainment — Broadcasters”, which provides that the rights be reported at the lower of unamortized cost or fair value. When there is a change in the expected usage of licensed copyrights, the Company estimates the fair value of licensed copyrights to determine if any impairment exists. The fair value of licensed copyrights is determined by estimating the expected cash flows from advertising and membership fees, less any costs and expenses, over the remaining useful lives of the licensed copyrights at the film-group level. Estimates that impact these cash flows include anticipated levels of demand for the Company’s advertising services and the expected selling prices of advertisements. For the years ended March 31, 2021, 2022 and 2023, impairment charges in connection with the licensed copyrights of RMB1,688 million, RMB745 million and RMB1,133 million were recorded in cost of revenue within the Company’s Digital media and entertainment segment.
2. Summary of significant accounting policies (Continued)

(y) Goodwill

Goodwill represents the excess of the purchase consideration over the acquisition date amounts of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company’s acquisitions of interests in its subsidiaries. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. In accordance with ASC 350, the Company may first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In the qualitative assessment, the Company considers factors such as macroeconomic conditions, industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations, business plans and strategies of the reporting unit, including consideration of the impact of the COVID-19 pandemic. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed. The Company may also bypass the qualitative assessment and proceed directly to perform the quantitative impairment test.

The Company performs the quantitative impairment test by comparing the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, the amount by which the carrying amount exceeds the reporting unit’s fair value is recognized as impairment. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, allocation of assets, liabilities and goodwill to reporting units, and determination of the fair value of each reporting unit.

(z) Impairment of long-lived assets other than goodwill and licensed copyrights

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If the assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Impairment of long-lived assets other than goodwill and licensed copyrights recognized for the years ended March 31, 2021, 2022 and 2023 was nil, RMB973 million and RMB1,922 million, respectively.

(aa) Derivatives and hedging

All contracts that meet the definition of a derivative are recognized on the consolidated balance sheets as either assets or liabilities and recorded at fair value. Changes in the fair value of derivatives are either recognized periodically in the consolidated income statements or in other comprehensive income depending on the use of the derivatives and whether they qualify for hedge accounting and are so designated as cash flow hedges, fair value hedges or net investment hedges.

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception, detailing the particular risk management objective and strategy for the hedge (which includes the item and risk that is being hedged), the derivative that is being used and how hedge effectiveness is being assessed. A derivative has to be effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. The effectiveness of the hedging relationship is evaluated on a prospective and retrospective basis using qualitative and quantitative measures of correlation. Qualitative methods may include comparison of critical terms of the derivative to those of the hedged item. Quantitative methods include a comparison of the changes in the fair value or discounted cash flow of the hedging instrument to that of the hedged item. A hedging relationship is considered initially effective if the results of the hedging instrument are within a ratio of 80% to 125% of the results of the hedged item.
2. Summary of significant accounting policies (Continued)

(aa) Derivatives and hedging (Continued)

Interest rate swaps

Interest rate swaps designated as hedging instruments to hedge against the cash flows attributable to recognized assets or liabilities or forecasted payments may qualify as cash flow hedges. The Company entered into interest rate swap contracts to swap floating interest payments related to certain borrowings for fixed interest payments to hedge the interest rate risk associated with certain forecasted payments and obligations. All changes in the fair value of interest rate swaps that are designated and qualify as cash flow hedges are recognized in accumulated other comprehensive income. Amounts in accumulated other comprehensive income are reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings.

The Company has elected the optional expedients under ASC 848 “Reference Rate Reform” for certain existing interest rate swaps that are designated as cash flow hedges in the hedging relationship designation and the assessment of probability of forecasted transaction and hedge effectiveness.

(ab) Bank borrowings and unsecured senior notes

Bank borrowings and unsecured senior notes are recognized initially at fair value, net of upfront fees, debt discounts or premiums, debt issuance costs and other incidental fees. Upfront fees, debt discounts or premiums, debt issuance costs and other incidental fees are recorded as a reduction of the proceeds received and the related accretion is recorded as interest expense in the consolidated income statements over the estimated term of the facilities using the effective interest method.

(ac) Merchant deposits

The Company collects deposits representing an annual upfront service fee from merchants on Tmall and AliExpress before the beginning of each calendar year. These deposits are initially recorded as a liability by the Company. The deposits are refundable to a merchant if the level of sales volume that is generated by that merchant on Tmall or AliExpress meets the target during the period. If the transaction volume target is not met at the end of each calendar year, the relevant deposits will become non-refundable. These merchant deposits are accounted for as variable consideration at an amount that is estimated at contract inception. The estimate is updated at the end of each reporting period and when there are changes in circumstances during the reporting period. Merchant deposits are recognized as revenue in the consolidated income statements when the likelihood of refund to the merchant is considered remote based on the patterns of sales volume generated by the merchant during the reporting period.

(ad) Deferred revenue and customer advances

Deferred revenue and customer advances generally represent cash received from customers that relate to goods or services to be provided in the future. Deferred revenue, mainly relating to membership fees and cloud services revenue, is stated at the amount of service fees received less the amount previously recognized as revenue upon the provision of the respective services to customers.
2. Summary of significant accounting policies (Continued)

(ae) Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. Liabilities for the contingencies are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated.

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses these contingent liabilities, which inherently involves judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in legal proceedings, the Company, in consultation with its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of the reasonably possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

#af) Treasury shares

The Company accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheets. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital and retained earnings.

(ag) Statutory reserves

In accordance with the relevant regulations and their articles of association, subsidiaries of the Company incorporated in the PRC are required to allocate at least 10% of their after-tax profit determined based on the PRC accounting standards and regulations to the general reserve until the reserve has reached 50% of the relevant subsidiary’s registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances or cash dividends. During the years ended March 31, 2021, 2022 and 2023, appropriations to the general reserve amounted to RMB1,247 million, RMB2,492 million and RMB3,138 million, respectively. No appropriations to the enterprise expansion fund and staff welfare and bonus fund have been made by the Company.

(ah) Newly adopted accounting standard updates

In April 2021, the Company adopted ASU 2020-01, “Investments — Equity Securities (Topic 321), Investments — Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) — Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)”, which clarifies the interactions of the accounting for certain equity securities under ASC 321, investments accounted for under the equity method of accounting in ASC 323, and the accounting for certain forward contracts and purchased options accounted for under ASC 815. The Company adopted this guidance prospectively and the adoption of this guidance did not have a material impact on the financial position, results of operations and cash flows.

In April 2022, the Company adopted ASU 2020-06, “Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity”, which simplifies an issuer’s accounting for certain convertible instruments and the application of derivatives scope exception for contracts in an entity’s own equity. This guidance also addresses how convertible instruments are accounted for in the diluted earnings per share calculation and required enhanced disclosures about the terms of convertible instruments and contracts in an entity’s own equity. The adoption of this guidance did not have a material impact on the financial position, results of operations and cash flows.
3. Recent accounting pronouncements

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” and issued subsequent amendments within ASU 2021-01 and ASU 2022-06 (collectively, including ASU 2020-04, “ASC 848”) in January 2021 and December 2022 respectively. ASC 848 provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASC 848 are effective for the Company from January 1, 2020 through December 31, 2024. The Company has elected the optional expedients for certain existing interest rate swaps that are designated as cash flow hedges, which did not have a material impact on the financial position, results of operations and cash flows. The Company is evaluating the effects, if any, of the potential election of the other optional expedients and exceptions provided in this guidance on the financial position, results of operations and cash flows.

In October 2021, the FASB issued ASU 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”, which provides guidance on the acquirer’s accounting for acquired revenue contracts with customers in a business combination. The amendments require an acquirer recognizes and measures contract assets and contract liabilities acquired in a business combination at the acquisition date in accordance with ASC 606 as if it had originated the contracts. This guidance also provides certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination. The new guidance is required to be applied prospectively to business combinations occurring on or after the date of adoption. This guidance is effective for the Company for the year ending March 31, 2024 and interim reporting periods during the year ending March 31, 2024. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.

In June 2022, the FASB issued ASU 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”, which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This guidance also requires certain disclosures for equity securities subject to contractual sale restrictions. The new guidance is required to be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. This guidance is effective for the Company for the year ending March 31, 2025 and interim reporting periods during the year ending March 31, 2025. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.

In September 2022, the FASB issued ASU 2022-04, “Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations”, which require a buyer in a supplier finance program disclose qualitative and quantitative information about the supplier finance program. The amendments do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The new guidance is required to be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. This guidance is effective for the Company for the year ending March 31, 2024 and interim reporting periods during the year ending March 31, 2024. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on the financial position, results of operations and cash flows.
4. Significant mergers and acquisitions and investments

Mergers and acquisitions

(a) Acquisition of Sun Art Retail Group Limited (“Sun Art”)

Sun Art, a company that is listed on the HKSE, is a leading hypermarket operator in the PRC. The Company previously held an approximately 31% effective equity interest in Sun Art and the investment in Sun Art was previously accounted for under the equity method. New Retail Strategic Opportunities Fund, L.P. (the “Offshore Retail Fund”), an investment fund for which the Company is able to exercise significant influence over its investment decisions, is also an existing shareholder in Sun Art.

In October 2020, the Company acquired additional effective equity interest in Sun Art for a cash consideration of US$3.6 billion (RMB24.1 billion). Upon the completion of the transaction, the Company’s effective equity interest in Sun Art increased to approximately 67% and Sun Art became a consolidated subsidiary of the Company.

The allocation of the purchase price as of the date of acquisition is summarized as follows:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets acquired (i)</td>
<td>49,672</td>
</tr>
<tr>
<td>Amortizable intangible assets (ii)</td>
<td></td>
</tr>
<tr>
<td>Trade names, trademarks and domain names</td>
<td>11,500</td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>4,700</td>
</tr>
<tr>
<td>Developed technology and patents</td>
<td>615</td>
</tr>
<tr>
<td>User base and customer relationships</td>
<td>47</td>
</tr>
<tr>
<td>Goodwill</td>
<td>13,474</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(9,629)</td>
</tr>
<tr>
<td>Noncontrolling interests (iii)</td>
<td>(23,684)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,695</strong></td>
</tr>
</tbody>
</table>

The total purchase price is comprised of:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- cash consideration</td>
<td>24,136</td>
</tr>
<tr>
<td>- fair value of previously held equity interests</td>
<td>22,559</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,695</strong></td>
</tr>
</tbody>
</table>

(i) Net assets acquired primarily included property and equipment of RMB27,333 million, operating lease right-of-use assets relating to land use rights of RMB22,997 million, payables and accruals for cost of revenue of RMB14,681 million, short-term investments of RMB14,387 million, customer advances of RMB11,082 million and inventories of RMB9,341 million as of the date of acquisition.

(ii) Acquired amortizable intangible assets had estimated amortization periods not exceeding 13 years and a weighted-average amortization period of 11.8 years.

(iii) Fair value of the noncontrolling interests was estimated with reference to the market price per share as of the acquisition date.

A gain of RMB6,381 million in relation to the revaluation of the previously held equity interests was recorded in interest and investment income, net in the consolidated income statement for the year ended March 31, 2021. The fair value of the previously held equity interests was estimated with reference to the market price per share as of the acquisition date.
4. Significant mergers and acquisitions and investments (Continued)

Mergers and acquisitions (Continued)

(a) Acquisition of Sun Art Retail Group Limited (“Sun Art”) (Continued)

As reported in Sun Art’s 2020/2021 annual report, revenue and net income for the 15 months ended March 31, 2021 were RMB124.3 billion and RMB3.8 billion, respectively. Revenue and net income for the year ended December 2019 were RMB95.4 billion and RMB3.0 billion, respectively.

The acquisition of Sun Art demonstrates the Company’s continued commitment to Sun Art as well as to further update its digital commerce infrastructure by further integrating online and offline resources in the PRC’s retail sector. Goodwill arising from this acquisition was attributable to the synergies expected from the combined operations of Sun Art and the Company, the assembled workforce and their knowledge and experience in the retail sector in the PRC. The Company did not expect the goodwill recognized to be deductible for income tax purposes.

In December 2020, the Company acquired additional ordinary shares of Sun Art from public shareholders for a cash consideration of HK$4.9 billion (RMB4.1 billion) through a mandatory general offer as required under the Hong Kong Code on Takeovers and Mergers, which resulted in a reduction in noncontrolling interests amounting to RMB4,592 million. Upon the completion of the mandatory general offer, the Company’s effective equity interest in Sun Art further increased to approximately 74%.

(b) Other acquisitions

Other acquisitions that constitute business combinations are summarized in the following table:

<table>
<thead>
<tr>
<th>Item</th>
<th>2021 (in millions)</th>
<th>2022 (in millions)</th>
<th>2023 (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (liabilities) assets</td>
<td>(106)</td>
<td>852</td>
<td>1</td>
</tr>
<tr>
<td>Identifiable intangible assets</td>
<td>3,888</td>
<td>1,000</td>
<td>285</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(195)</td>
<td>(170)</td>
<td>(68)</td>
</tr>
<tr>
<td></td>
<td>3,587</td>
<td>1,682</td>
<td>218</td>
</tr>
<tr>
<td>Noncontrolling interests and mezzanine equity</td>
<td>(3,310)</td>
<td>(1,884)</td>
<td>(38)</td>
</tr>
<tr>
<td>Net identifiable assets (liabilities)</td>
<td>277</td>
<td>(202)</td>
<td>180</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,105</td>
<td>3,283</td>
<td>583</td>
</tr>
<tr>
<td>Total purchase consideration</td>
<td>4,382</td>
<td>3,081</td>
<td>763</td>
</tr>
<tr>
<td>Fair value of previously held equity interests</td>
<td>(2,434)</td>
<td>(31)</td>
<td>—</td>
</tr>
<tr>
<td>Purchase consideration settled</td>
<td>(1,794)</td>
<td>(2,671)</td>
<td>(481)</td>
</tr>
<tr>
<td>Deferred consideration as of year end</td>
<td>154</td>
<td>379</td>
<td>282</td>
</tr>
<tr>
<td>Total purchase consideration is comprised of:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- cash consideration</td>
<td>875</td>
<td>3,050</td>
<td>763</td>
</tr>
<tr>
<td>- non-cash consideration</td>
<td>1,073</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>- fair value of previously held equity interests</td>
<td>2,434</td>
<td>31</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>4,382</td>
<td>3,081</td>
<td>763</td>
</tr>
</tbody>
</table>

In relation to the revaluation of previously held equity interests, the Company recognized a gain of RMB2,378 million, a loss of RMB2 million and nil in the consolidated income statements for the years ended March 31, 2021, 2022 and 2023, respectively, for the other acquisitions that constitute business combinations.

Pro forma results of operations for these acquisitions have not been presented because the effects of these acquisitions, except for Sun Art (Note 4(a)), are not material to the consolidated income statements for the year ended March 31, 2021, 2022 and 2023, either individually or in aggregate.
4. Significant mergers and acquisitions and investments (Continued)

**Equity investments and others**

(c) Investment in Bilibili, Inc. (“Bilibili”)

Bilibili, a company that is listed on both the Nasdaq Global Select Market and the HKSE, is a PRC-based video streaming platform. The Company previously held approximately 8% equity interest in Bilibili. In March 2021, the Company acquired newly issued shares of Bilibili for a cash consideration of HK$5,818 million (RMB4,885 million). Upon the completion of the transaction, the Company’s equity interest in Bilibili remained at approximately 8%. The investment is carried at fair value with unrealized gains and losses recorded in the consolidated income statements both before and after the additional investment in March 2021.

(d) Investment in STO Express Co., Ltd. (“STO Express”)

STO Express, a company that is listed on the Shenzhen Stock Exchange, is one of the leading express delivery services companies in the PRC. The Company previously held an approximately 14.7% effective equity interest in STO Express through an investment vehicle and the investment was accounted for under the fair value option and recorded under equity securities and other investments. In addition, under a call option agreement the Company entered into with the major shareholder of STO Express, the Company may elect to acquire an additional effective equity interest of approximately 31.3% in STO Express for a total consideration of RMB10.0 billion. The call option agreement is measured at fair value with unrealized gains and losses recorded in the consolidated income statements. A loss of RMB1,413 million, a loss of RMB36 million and a gain of RMB557 million was recorded in interest and investment income, net relating to this call option agreement for the years ended March 31, 2021, 2022 and 2023, respectively.

In February 2021, the Company acquired additional effective equity interest in STO Express for a cash consideration of RMB3.3 billion by effectively exercising a portion of the above call options. Upon the completion of the transaction, the Company’s effective equity interest in STO Express increased to 25% and the investment in STO Express is accounted for under the equity method (Note 14). Out of the total consideration, which primarily included the cash consideration and the carrying amount of the effective equity interest in STO Express previously held by the Company, RMB1,731 million was allocated to amortizable intangible assets, RMB2,433 million was allocated to goodwill, RMB477 million was allocated to deferred tax liabilities and RMB2,002 million was allocated to net assets acquired. Subsequent to this transaction, the Company may elect to exercise the remaining call options to acquire an additional effective equity interest of 21% in STO Express for a total consideration of RMB6.7 billion at any time on or before December 27, 2022.

In December 2022, the expiry date of the remaining call options was extended to December 27, 2025 and the total consideration was adjusted to RMB5.3 billion.

(e) Investment in Mango Excellent Media Co., Ltd. (“Mango Excellent Media”)

Mango Excellent Media, a company that is listed on the Shenzhen Stock Exchange, is an audiovisual interaction-focused new media service platform in the PRC. In December 2020, the Company acquired an approximately 5% equity interest in Mango Excellent Media for a cash consideration of RMB6.2 billion. The investment was carried at fair value with unrealized gains and losses recorded in the consolidated income statements. The investment was fully disposed in October 2021.

(f) Investment in China Broadcasting Network Joint Stock Corporation Limited (“China Broadcasting Network”)

China Broadcasting Network is a telecommunications company in the PRC. In October and December 2020, the Company invested a total of RMB10.0 billion for an approximately 7% equity interest in China Broadcasting Network. The investment is accounted for using the measurement alternative.
4. Significant mergers and acquisitions and investments (Continued)

Equity investments and others (Continued)

(g) Investment in YTO Express Group Co., Ltd. (“YTO Express”)

YTO Express, a company that is listed on the Shanghai Stock Exchange, is one of the leading express delivery services companies in the PRC. The Company previously held an approximately 11% equity interest in YTO Express and carried the investment at fair value with unrealized gains and losses recorded in the consolidated income statements. Yunfeng, which is comprised of certain investment funds the general partner of which Jack Ma has equity interests in, is also an existing shareholder of YTO Express.

In September 2020, the Company acquired additional equity interest in YTO Express for a cash consideration of RMB6.6 billion. Upon the completion of the transaction, the Company’s equity interest in YTO Express increased to approximately 23% and the investment in YTO Express is accounted for under the equity method (Note 14). Out of the total consideration, which included the cash consideration and the carrying amount of the previously held equity interest in YTO Express, RMB4,442 million was allocated to amortizable intangible assets, RMB4,270 million was allocated to goodwill, RMB1,171 million was allocated to deferred tax liabilities and RMB3,891 million was allocated to net assets acquired.

(h) Investment in Ant Group Co., Ltd. (“Ant Group”)

Ant Group provides comprehensive digital payment services and facilitates digital financial and value-added services for consumers and merchants, in China and across the world. In September 2019, following the satisfaction of the closing conditions, the Company received the 33% equity interest in Ant Group pursuant to the share and asset purchase agreement as amended from time to time (the “SAPA”).

The Company accounts for its equity interest in Ant Group under the equity method. Upon the completion, the Company recorded the 33% equity interest in Ant Group with a carrying value amounting to RMB90.7 billion in investments in equity method investees. The difference between the carrying value of the 33% equity interest in Ant Group and the Company’s share of the carrying value of Ant Group’s net assets upon completion is a basis difference, which mainly represents the fair value adjustments of amortizable intangible assets and equity investments. These adjustments amounted to RMB24.5 billion and RMB5.3 billion, respectively, both of which were net of their corresponding tax effects.

Subsequent to the receipt of the equity interest in Ant Group, the proportionate share of results of Ant Group, adjusted for the effects of the basis difference as described above, is recorded in share of results of equity method investees in the consolidated income statements on a one quarter in arrears basis. Following the receipt of equity interest in Ant Group, the Company has pre-emptive rights to participate in other issuances of equity securities by Ant Group and certain of its affiliates prior to the time of Ant Group meeting certain minimum criteria for a qualified IPO set forth in the SAPA. These pre-emptive rights entitle the Company to maintain the equity ownership percentage the Company holds in Ant Group immediately prior to any such issuances. In connection with the exercise of the pre-emptive rights, the Company is also entitled to receive certain payments from Ant Group, effectively funding the subscription for these additional equity interest, up to a value of US$1.5 billion, subject to certain adjustments. In addition, under the SAPA, in certain circumstances the Company is permitted to exercise pre-emptive rights through an alternative arrangement which will further protect the Company from dilution.

In July 2023, the Company received notice from Ant Group of a shareholder meeting to approve, among other things, a proposal to repurchase from all of its shareholders up to 7.6% of its equity interest. The shares repurchased would be transferred to employee incentive plans of Ant Group. These transactions were not completed as of the date of this annual report.
5. Revenue

Revenue by segment is as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2021 RMB (in millions)</th>
<th>2022 RMB (in millions)</th>
<th>2023 RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China commerce:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China commerce retail (i)</td>
<td>304,543</td>
<td>315,038</td>
<td>290,378</td>
</tr>
<tr>
<td>- Customer management</td>
<td>304,543</td>
<td>315,038</td>
<td>290,378</td>
</tr>
<tr>
<td>- Direct sales and others (ii)(xi)</td>
<td>182,514</td>
<td>259,830</td>
<td>274,954</td>
</tr>
<tr>
<td>China commerce wholesale (iii)</td>
<td>487,057</td>
<td>574,868</td>
<td>565,332</td>
</tr>
<tr>
<td>Total China commerce</td>
<td>501,379</td>
<td>591,580</td>
<td>582,731</td>
</tr>
<tr>
<td>International commerce:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International commerce retail (iv)</td>
<td>34,455</td>
<td>42,668</td>
<td>49,873</td>
</tr>
<tr>
<td>International commerce wholesale (v)</td>
<td>14,396</td>
<td>18,410</td>
<td>19,331</td>
</tr>
<tr>
<td>Total International commerce</td>
<td>48,851</td>
<td>61,078</td>
<td>69,204</td>
</tr>
<tr>
<td>Local consumer services (vi)(xi)</td>
<td>35,746</td>
<td>44,616</td>
<td>50,112</td>
</tr>
<tr>
<td>Cainiao (vii)</td>
<td>37,258</td>
<td>46,107</td>
<td>55,681</td>
</tr>
<tr>
<td>Cloud (viii)</td>
<td>60,558</td>
<td>74,568</td>
<td>77,203</td>
</tr>
<tr>
<td>Digital media and entertainment (ix)</td>
<td>31,186</td>
<td>32,272</td>
<td>31,482</td>
</tr>
<tr>
<td>Innovation initiatives and others (x)</td>
<td>2,311</td>
<td>2,841</td>
<td>2,274</td>
</tr>
<tr>
<td>Total</td>
<td>717,289</td>
<td>853,062</td>
<td>868,687</td>
</tr>
</tbody>
</table>
5. Revenue (Continued)

(i) Revenue from China commerce retail is primarily generated from the Company’s China commerce retail businesses and includes revenue from customer management services and sales of goods.

(ii) Revenue from direct sales and others under China commerce retail is primarily generated from the Company’s direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo and Alibaba Health's direct sales businesses. Revenue of Sun Art included in the consolidated income statement of the Company since the date of acquisition was RMB42.9 billion for the year ended March 31, 2021.

(iii) Revenue from China commerce wholesale is primarily generated from 1688.com and includes revenue from membership fees and related value-added services and customer management services.

(iv) Revenue from International commerce retail is primarily generated from Lazada, Trendyol and AliExpress and includes revenue from logistics services, customer management services and sales of goods.

(v) Revenue from International commerce wholesale is primarily generated from Alibaba.com and includes revenue from membership fees and related value-added services and customer management services.

(vi) Revenue from Local consumer services primarily represents platform commissions, logistics services revenue from the provision of on-demand delivery services and revenue from other services provided by Ele.me.

(vii) Revenue from Cainiao represents logistics services revenue from the domestic and international one-stop-shop logistics services and supply chain management solutions provided by Cainiao Network.

(viii) Revenue from Cloud is primarily generated from the provision of cloud services, which include public cloud services and hybrid cloud services.

(ix) Revenue from Digital media and entertainment is primarily generated from Youku and other content platforms, as well as the online games business, and includes revenue from membership fees, self-developed online games and customer management services.

(x) Revenue from Innovation initiatives and others primarily represented other revenue from businesses such as Tmall Genie and other innovation initiatives. Other revenue also includes the annual fee for the SME loan business received from Ant Group and its affiliates and such arrangement was terminated in December 2021 (Note 22).

(xi) For the year ended March 31, 2023, the Company reclassified the revenue of Instant Supermarket Delivery business, which was previously reported under the China commerce segment, as revenue from Local consumer services segment in order to conform to the way that we manage and monitor segment performance. Figures for the years ended March 31, 2021 and 2022 were reclassified to conform to this presentation.
5. Revenue (Continued)

Revenue by type is as follows:

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer management services (i)</td>
<td>363,381</td>
<td>379,999</td>
<td>355,144</td>
</tr>
<tr>
<td>Membership fees</td>
<td>29,450</td>
<td>35,739</td>
<td>40,078</td>
</tr>
<tr>
<td>Logistics services</td>
<td>55,653</td>
<td>71,279</td>
<td>89,214</td>
</tr>
<tr>
<td>Cloud services</td>
<td>60,120</td>
<td>74,123</td>
<td>76,648</td>
</tr>
<tr>
<td>Sales of goods</td>
<td>180,634</td>
<td>255,171</td>
<td>271,016</td>
</tr>
<tr>
<td>Other revenue (ii)</td>
<td>28,051</td>
<td>36,751</td>
<td>36,587</td>
</tr>
<tr>
<td></td>
<td>717,289</td>
<td>853,062</td>
<td>868,687</td>
</tr>
</tbody>
</table>

(i) Customer management services mainly include P4P marketing, in-feed marketing, display marketing and commission.

(ii) Other revenue includes revenue from self-developed online games, other value-added services provided through various platforms and businesses and the annual fee for the SME loan business received from Ant Group and its affiliates (Note 22).

The amount of revenue recognized for performance obligations satisfied (or partially satisfied) in prior periods for contracts with expected duration of more than one year during the years ended March 31, 2021, 2022 and 2023 were not material.
6. Leases

The Company entered into operating lease agreements primarily for shops and malls, offices, warehouses and land. Certain lease agreements contain an option for the Company to renew a lease for a term of up to five years or an option to terminate a lease early. The Company considers these options in determining the classification and measurement of the leases.

The leases may include variable payments based on measures such as the level of sales at a physical store, which are expensed as incurred.

Components of operating lease cost are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
</tr>
<tr>
<td>Operating lease cost</td>
<td>6,812</td>
</tr>
<tr>
<td>Variable lease cost</td>
<td>47</td>
</tr>
<tr>
<td>Total operating lease cost</td>
<td>6,859</td>
</tr>
</tbody>
</table>

For the years ended March 31, 2021, 2022 and 2023, cash payments for operating leases amounted to RMB4,408 million, RMB6,556 million and RMB8,050 million, respectively. For the years ended March 31, 2022 and 2023, the operating lease assets obtained in exchange for operating lease liabilities amounted to RMB7,375 million and RMB5,030 million, respectively.

As of March 31, 2022 and 2023, the Company’s operating leases had a weighted average remaining lease term of 9.9 years and 9.3 years, respectively. As of the same dates, the Company’s operating leases had a weighted average discount rate of 5.1% and 4.8%, respectively. Future lease payments under operating leases as of March 31, 2023 are as follows:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions)</td>
</tr>
<tr>
<td>For the year ending March 31,</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>6,931</td>
</tr>
<tr>
<td>2025</td>
<td>5,707</td>
</tr>
<tr>
<td>2026</td>
<td>4,736</td>
</tr>
<tr>
<td>2027</td>
<td>4,110</td>
</tr>
<tr>
<td>2028</td>
<td>3,524</td>
</tr>
<tr>
<td>Thereafter</td>
<td>17,717</td>
</tr>
<tr>
<td>Less: imputed interest</td>
<td>(8,510)</td>
</tr>
<tr>
<td>Total operating lease liabilities (Note 19)</td>
<td>34,215</td>
</tr>
</tbody>
</table>
7. Income tax expenses

Composition of income tax expenses

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Current income tax expense</td>
<td>26,042</td>
<td>28,184</td>
<td>17,266</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>3,236</td>
<td>(1,369)</td>
<td>(1,717)</td>
</tr>
<tr>
<td></td>
<td>29,278</td>
<td>26,815</td>
<td>15,549</td>
</tr>
</tbody>
</table>

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed. The Company’s subsidiaries incorporated in Hong Kong were subject to the Hong Kong profits tax rate at 16.5% for the years ended March 31, 2021, 2022 and 2023. The Company’s subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

Current income tax expense primarily includes the provision for PRC Enterprise Income Tax (“EIT”) for subsidiaries operating in the PRC and withholding tax on earnings that have been declared for distribution by PRC subsidiaries to offshore holding companies. Substantially all of the Company’s income before income tax and share of results of equity method investees are generated by these PRC subsidiaries. These subsidiaries are subject to EIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws, rules and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “EIT Law”), the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. In addition, the EIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises. Further, certain subsidiaries were recognized as Software Enterprises and thereby entitled to full exemption from EIT for two years beginning from their first profitable calendar year and a 50% reduction for the subsequent three calendar years. In addition, a duly recognized Key Software Enterprise (“KSE”) within China’s national plan can enjoy a preferential EIT rate of 10%. The KSE status is subject to review by the relevant authorities every year and the timing of the annual review and notification by the relevant authorities may vary from year to year. The related reduction in tax expense as a result of official notification confirming the KSE status is accounted for upon the receipt of such notification.
7. Income tax expenses (Continued)

The tax status of the subsidiaries of the Company with major taxable profits is described below:

- Alibaba (China) Technology Co., Ltd. (“Alibaba China”), Taobao (China) Software Co., Ltd. (“Taobao China”), Zhejiang Tmall Technology Co., Ltd. (“Tmall China”) and Alibaba (China) Co., Ltd. (“China Co.”), entities primarily engaged in the operations of the Company’s wholesale marketplaces, Taobao, Tmall, and technology, software research and development and relevant services, respectively, were qualified as High and New Technology Enterprises. Alibaba China, Taobao China and Tmall China also obtained the annual review and notification relating to the renewal of the KSE status for the taxation year of 2019 in the quarter ended September 30, 2020. Accordingly, Alibaba China, Taobao China and Tmall China, which had applied an EIT rate of 15% for the taxation year of 2019, reflected the reduction in tax rate to 10% for the taxation year of 2019 in the consolidated income statements for the year ended March 31, 2021.

- Alibaba (Beijing) Software Services Co., Ltd (“Alibaba Beijing”), an entity primarily engaged in the operations of technology, software research and development and relevant services, was recognized as a High and New Technology Enterprise. Alibaba Beijing was also granted the Software Enterprise status and was thereby entitled to an income tax exemption for two years beginning from its first profitable taxation year of 2017, and a 50% reduction for the subsequent three consecutive years starting from the taxation year of 2019. Accordingly, Alibaba Beijing was entitled to an EIT rate of 12.5% (50% reduction in the standard statutory rate) during the taxation years of 2019, 2020 and 2021. Alibaba Beijing also obtained notification of recognition as a KSE for the taxation year of 2019 in the quarter ended September 30, 2020. Accordingly, Alibaba Beijing, which had applied an EIT rate of 12.5% for the taxation year of 2019, reflected the reduction in tax rate to 10% for the taxation year of 2019 in the consolidated income statement for the year ended March 31, 2021.

The total tax adjustments for the recognition of KSE status for Alibaba China, Taobao China, Tmall China, Alibaba Beijing and certain other PRC subsidiaries of the Company, amounting to RMB6,085 million, nil and nil, were recorded in the consolidated income statements for the years ended March 31, 2021, 2022 and 2023, respectively.

For the taxation years of 2020, 2021 and 2022, Alibaba China, Taobao China, Tmall China, China Co. and Alibaba Beijing did not obtain the KSE status, and accordingly, Alibaba China, Taobao China, Tmall China and China Co. continued to apply an EIT rate of 15% as High and New Technology Enterprises. Alibaba Beijing applied an EIT rate of 12.5% (50% reduction in the standard statutory rate) as a Software Enterprise for the taxation years of 2020 and 2021 and applied an EIT rate of 15% as High and New Technology Enterprise for the taxation year of 2022.

Most of the remaining PRC entities of the Company are subject to EIT at 25% for the years ended March 31, 2021, 2022 and 2023.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared by PRC companies to their foreign investors. A lower withholding tax rate of 5% is applicable if direct foreign investors with at least 25% equity interest in the PRC company are incorporated in Hong Kong and meet the relevant requirements pursuant to the tax arrangement between Chinese mainland and Hong Kong S.A.R. Since the equity holders of the major PRC subsidiaries of the Company are Hong Kong incorporated companies and meet the relevant requirements pursuant to the tax arrangement between Chinese mainland and Hong Kong S.A.R., the Company has used 5% to provide for deferred tax liabilities on retained earnings which are anticipated to be distributed. As of March 31, 2023, the Company has accrued the withholding tax on substantially all of the distributable earnings of the PRC subsidiaries, except for those undistributed earnings that the Company intends to invest indefinitely in the PRC which amounted to RMB233.6 billion.
7. Income tax expenses (Continued)

Composition of deferred tax assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 RMB</td>
<td>2023 RMB</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licensed copyrights</td>
<td>3,893</td>
<td>4,438</td>
</tr>
<tr>
<td>Tax losses carried forward and others (i)</td>
<td>46,945</td>
<td>47,586</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(36,363)</td>
<td>(36,530)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>14,475</td>
<td>15,494</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identifiable intangible assets</td>
<td>(20,773)</td>
<td>(18,751)</td>
</tr>
<tr>
<td>Withholding tax on undistributed earnings (ii)</td>
<td>(8,106)</td>
<td>(8,170)</td>
</tr>
<tr>
<td>Equity method investees and others (iii)</td>
<td>(32,827)</td>
<td>(34,824)</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>(61,706)</td>
<td>(61,745)</td>
</tr>
<tr>
<td>Net deferred tax liabilities</td>
<td>(47,231)</td>
<td>(46,251)</td>
</tr>
</tbody>
</table>

(i) Others primarily represents deferred tax assets for share-based awards, investments in equity method investees, equity securities and other investments, as well as accrued expenses which are not deductible until paid under PRC tax laws.

(ii) The related deferred tax liabilities as of March 31, 2022 and 2023 were provided on the assumption that substantially all of the distributable earnings of PRC subsidiaries will be distributed as dividends, except for those undistributed earnings that the Company intends to invest indefinitely in the PRC which amounted to RMB176.4 billion and RMB233.6 billion, respectively.

(iii) Deferred tax liabilities for investments in equity method investees mainly includes the deferred tax effect on the gain in relation to the receipt of the 33% equity interest in Ant Group of RMB19.7 billion. Others primarily represents deferred tax liabilities for investments in equity securities and other investments.

Valuation allowances provided on the deferred tax assets mainly related to the tax losses carried forward due to the uncertainty surrounding their realization. If events occur in the future that improve the certainty of realization, an adjustment to the valuation allowances will be made and consequently income tax expenses will be reduced.

As of March 31, 2023, the accumulated tax losses of subsidiaries incorporated in Singapore, Hong Kong S.A.R. and Indonesia, subject to the agreement of the relevant tax authorities, of RMB32,033 million, RMB4,918 million and RMB2,458 million, respectively, are allowed to be carried forward to offset against future taxable profits. The carry forward of tax losses in Singapore and Hong Kong S.A.R. generally has no time limit, while the tax losses in Indonesia will expire, if unused, in the years ending March 31, 2024 through 2028. The accumulated tax losses of subsidiaries incorporated in the PRC, subject to the agreement of the PRC tax authorities, of RMB136,741 million as of March 31, 2023 will expire, if unused, in the years ending March 31, 2024 through 2033.
7. Income tax expenses (Continued)

Reconciliation of the differences between the statutory EIT rate applicable to profits of the consolidated entities and the income tax expenses of the Company:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income tax and share of result of equity method investees</td>
<td>165,578</td>
<td>59,550</td>
<td>89,185</td>
</tr>
<tr>
<td>Income tax computed at statutory EIT rate (25%)</td>
<td>41,395</td>
<td>14,888</td>
<td>22,296</td>
</tr>
<tr>
<td>Effect of different tax rates available to different jurisdictions</td>
<td>(1,982)</td>
<td>(2,006)</td>
<td>(153)</td>
</tr>
<tr>
<td>Effect of tax holiday and preferential tax benefit on assessable profits of subsidiaries incorporated in the PRC</td>
<td>(20,675)</td>
<td>(7,367)</td>
<td>(13,679)</td>
</tr>
<tr>
<td>Non-deductible expenses and non-taxable income, net (i)</td>
<td>1,980</td>
<td>13,518</td>
<td>16,870</td>
</tr>
<tr>
<td>Additional deductions of certain research and development expenses incurred by subsidiaries in the PRC (ii)</td>
<td>(8,305)</td>
<td>(10,052)</td>
<td>(8,282)</td>
</tr>
<tr>
<td>Withholding tax on the earnings distributed and anticipated to be remitted</td>
<td>4,612</td>
<td>5,026</td>
<td>5,312</td>
</tr>
<tr>
<td>Change in valuation allowance and others (iii)</td>
<td>12,253</td>
<td>12,808</td>
<td>(6,815)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>29,278</td>
<td>26,815</td>
<td>15,549</td>
</tr>
<tr>
<td>Effect of tax holidays inside the PRC on basic earnings per share</td>
<td>0.96</td>
<td>0.34</td>
<td>0.65</td>
</tr>
<tr>
<td>Effect of tax holidays inside the PRC on basic earnings per ADS</td>
<td>7.65</td>
<td>2.73</td>
<td>5.22</td>
</tr>
</tbody>
</table>

(i) Expenses not deductible for tax purposes and non-taxable income primarily represent impairment of goodwill, a fine imposed pursuant to the PRC Anti-monopoly Law (the “Anti-monopoly Fine”), investment income or loss and share-based compensation expense.

(ii) This amount represents tax incentives relating to the research and development expenses of certain major operating subsidiaries in the PRC.

(iii) Change in valuation allowance primarily represents valuation allowance for temporary differences associated with tax losses and investments in certain equity securities and other investments. Besides, others primarily represents other tax benefits which were not previously recognized as well as deferred tax effect for temporary differences in relation to certain investments in equity method investees.
8. Share-based awards

(a) Share-based awards relating to ordinary shares of the Company

Share-based awards such as RSUs, incentive and non-statutory stock options, restricted shares, dividend equivalents, share appreciation rights and share payments may be granted to any directors, employees and consultants of the Company or affiliated companies under equity incentive plans adopted since the inception of the Company. Currently, the 2014 Post-IPO Equity Incentive Plan (the “2014 Plan”), which was adopted in September 2014 and has a ten-year term, is in effect and governs the terms of the awards. If an award terminates, expires or lapses, or is canceled for any reason, ordinary shares subject to the award become available for the grant of a new award under the 2014 Plan. Starting from April 1, 2015 and on each anniversary thereof, an additional amount equal to the lesser of (A) 200,000,000 ordinary shares, and (B) such lesser number of ordinary shares as determined by the board of directors becomes available for the grant of a new award under the 2014 Plan. All share-based awards granted under the 2014 Plan are subject to dilution protection should the capital structure of the Company be affected by a share split, reverse share split, share dividend or other dilutive action. As of March 31, 2023, the number of shares authorized but unissued was 305,164,328 ordinary shares. Eight ordinary shares are issuable upon the vesting or the exercise of one share-based award.

RSUs

A summary of the changes in the RSUs relating to ordinary shares granted by the Company during the year ended March 31, 2023 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of RSUs</th>
<th>Weighted-average grant date fair value US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awarded and unvested as of April 1, 2022</td>
<td>60,676,287</td>
<td>201.17</td>
</tr>
<tr>
<td>Granted</td>
<td>32,242,838</td>
<td>102.18</td>
</tr>
<tr>
<td>Vested</td>
<td>(23,281,792)</td>
<td>192.01</td>
</tr>
<tr>
<td>Canceled/forfeited</td>
<td>(8,349,129)</td>
<td>179.85</td>
</tr>
<tr>
<td>Awarded and unvested as of March 31, 2023 (i)</td>
<td>61,288,204</td>
<td>155.49</td>
</tr>
<tr>
<td>Expected to vest as of March 31, 2023 (ii)</td>
<td>52,548,409</td>
<td>155.92</td>
</tr>
</tbody>
</table>

(i) No outstanding RSUs will be vested after the expiry of a period of up to ten years from the date of grant.

(ii) RSUs expected to vest are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding RSUs.

As of March 31, 2023, there were RMB18,725 million of unamortized compensation costs related to all outstanding RSUs, net of expected forfeitures. These amounts are expected to be recognized over a weighted average period of 1.8 years.

During the years ended March 31, 2021, 2022 and 2023, the Company recognized share-based compensation expense of RMB28,934 million, RMB30,313 million and RMB24,410 million, respectively, in connection with the above RSUs.
8. Share-based awards (Continued)

(a) Share-based awards relating to ordinary shares of the Company (Continued)

Share options

A summary of the changes in the share options relating to ordinary shares granted by the Company during the year ended March 31, 2023 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of share options</th>
<th>Weighted average exercise price</th>
<th>Weighted average remaining contractual life (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as of April 1, 2022</td>
<td>7,373,334</td>
<td>75.39</td>
<td>3.5</td>
</tr>
<tr>
<td>Exercised</td>
<td>(164,000)</td>
<td>26.00</td>
<td>—</td>
</tr>
<tr>
<td>Canceled/forfeited</td>
<td>(80,000)</td>
<td>26.00</td>
<td>—</td>
</tr>
<tr>
<td>Outstanding as of March 31, 2023</td>
<td>7,129,334</td>
<td>77.08</td>
<td>3.9</td>
</tr>
<tr>
<td>Vested and exercisable as of March 31, 2023 (i)</td>
<td>5,471,334</td>
<td>78.51</td>
<td>3.3</td>
</tr>
<tr>
<td>Vested and expected to vest as of March 31, 2023 (ii)</td>
<td>6,957,375</td>
<td>76.82</td>
<td>3.8</td>
</tr>
</tbody>
</table>

(i) No outstanding share options will be vested or exercisable after the expiry of a period of up to twelve years from the date of grant.

(ii) Share options expected to vest are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding share options.

As of March 31, 2023, the aggregate intrinsic value of all outstanding options was RMB1,778 million. As of the same date, the aggregate intrinsic value of options that were vested and exercisable and options that were vested and expected to vest was RMB1,164 million and RMB1,724 million, respectively.

During the years ended March 31, 2021, 2022 and 2023, the weighted average grant date fair value of share options granted was nil, US$103.72 and nil, respectively, and the total grant date fair value of options vested during the same years was RMB335 million, RMB306 million and RMB327 million, respectively. During the same years, the aggregate intrinsic value of share options exercised was RMB468 million, RMB137 million and RMB67 million, respectively.

Cash received from option exercises under the share option plans for the years ended March 31, 2021, 2022 and 2023 was RMB205 million, RMB109 million and RMB8 million, respectively.
8. Share-based awards (Continued)

(a) Share-based awards relating to ordinary shares of the Company (Continued)

Share options (Continued)

No share options were granted during the years ended March 31, 2021 and 2023. The fair value of each option granted during the year ended March 31, 2022 is estimated on the measurement date using the Black-Scholes model by applying the assumptions below:

<table>
<thead>
<tr>
<th>Year ended March 31, 2022</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate (i)</td>
<td>1.93% - 2.00%</td>
</tr>
<tr>
<td>Expected dividend yield (ii)</td>
<td>0%</td>
</tr>
<tr>
<td>Expected life (years) (iii)</td>
<td>3.71 - 7.14</td>
</tr>
<tr>
<td>Expected volatility (iv)</td>
<td>35.7%</td>
</tr>
</tbody>
</table>

(i) Risk-free interest rate is based on the yields of United States Treasury securities with maturities similar to the expected life of the share options in effect on the measurement date.

(ii) Expected dividend yield is assumed to be nil as the Company has no history or expectation of paying a dividend on its ordinary shares.

(iii) Expected life of share options is based on management’s estimate on timing of exercise of share options.

(iv) Expected volatility is assumed based on the historical volatility of the Company in the period equal to the expected life of each grant.

As of March 31, 2023, there were RMB283 million of unamortized compensation costs related to these outstanding share options, net of expected forfeitures. These amounts are expected to be recognized over a weighted average period of 3.2 years.

During the years ended March 31, 2021, 2022 and 2023, the Company recognized share-based compensation expense of RMB159 million, RMB86 million and RMB490 million, respectively, in connection with the above share options.
8. Share-based awards (Continued)

(b) Share-based awards relating to Ant Group

The employees of the Company hold share-based awards granted by Ant Group and Hangzhou Junhan Equity Investment Partnership (“Junhan”), a major equity holder of Ant Group. These awards tied to the valuation of Ant Group and will be settled by respective grantors upon disposal of these awards by the holders, vesting or exercise of these awards, depending on the forms of these awards. In addition, Junhan and Ant Group have the right to repurchase the vested awards (or any underlying equity for the settlement of the vested awards) granted by them, as applicable, from the holders upon an initial public offering of Ant Group or the termination of the holders’ employment with the Company at a price to be determined based on the then fair market value of Ant Group.

For accounting purposes, these awards meet the definition of a financial derivative. The cost relating to these awards is recognized by the Company and the related expense is recognized over the requisite service period in the consolidated income statements with a corresponding credit to additional paid-in capital. Subsequent changes in the fair value of these awards are recorded in the consolidated income statements. The expenses relating to these awards are re-measured at the fair value on each reporting date until their settlement dates. The fair value of the underlying equity is primarily determined with reference to the business enterprise value, or BEV, of Ant Group which is based on the contemporaneous valuation report, external information and information obtained from Ant Group.

During the years ended March 31, 2021, 2022 and 2023, the Company recognized expenses of RMB17,315 million, a net reversal of RMB11,585 million and expenses of RMB668 million, respectively, in respect of the share-based awards relating to Ant Group.

Starting from April 2020, the parties agreed to settle with each other the cost associated with certain share-based awards granted to each other’s employees upon vesting. The settlement amounts under this arrangement depend on the values of Ant Group share-based awards granted to the Company’s employees and the Company’s share-based awards granted to employees of Ant Group, in which the net settlement amount is insignificant to the Company.

Share-based awards relating to ordinary shares of the Company and Ant Group are generally subject to a four-year vesting schedule as determined by the administrator of the plans. Depending on the nature and the purpose of the grant, share-based awards generally vest 25% or 50% upon the first or second anniversary of the vesting commencement date, respectively, as provided in the award agreements, and 25% every year thereafter. Share-based awards granted to certain management members of the Company are subject to a vesting period of up to ten years.

(c) Share-based compensation expense by function

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (RMB)</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>11,224</td>
<td>5,725</td>
<td>5,710</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>21,474</td>
<td>11,035</td>
<td>13,514</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>5,323</td>
<td>3,050</td>
<td>3,710</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>12,099</td>
<td>4,161</td>
<td>7,897</td>
</tr>
<tr>
<td></td>
<td>50,120</td>
<td>23,971</td>
<td>30,831</td>
</tr>
</tbody>
</table>

F-50
9. Earnings per share/ADS

Each ADS represents eight ordinary shares.

Basic earnings per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares, adjusted for treasury shares. Basic earnings per ADS is derived from the basic earnings per share.

For the calculation of diluted earnings per share, net income attributable to ordinary shareholders for basic earnings per share is adjusted by the effect of dilutive securities, including share-based awards, under the treasury stock method. Potentially dilutive securities, of which the amounts are insignificant, have been excluded from the computation of diluted net income per share if their inclusion is anti-dilutive. Diluted earnings per ADS is derived from the diluted earnings per share.

The following table sets forth the computation of basic and diluted net income per share/ADS for the following periods:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Net income per ordinary share — basic</td>
<td>6.95</td>
<td>2.87</td>
<td>3.46</td>
</tr>
<tr>
<td>Net income per ordinary share — diluted</td>
<td>6.84</td>
<td>2.84</td>
<td>3.43</td>
</tr>
<tr>
<td>Net income per ADS — basic (RMB)</td>
<td>55.63</td>
<td>22.99</td>
<td>27.65</td>
</tr>
<tr>
<td>Net income per ADS — diluted (RMB)</td>
<td>54.70</td>
<td>22.74</td>
<td>27.46</td>
</tr>
</tbody>
</table>
10. Restricted cash and escrow receivables

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (in millions)</td>
<td>RMB</td>
</tr>
<tr>
<td>Buyer protection fund deposits from merchants on the marketplaces (i)</td>
<td>35,268</td>
<td>32,962</td>
</tr>
<tr>
<td>Others</td>
<td>2,187</td>
<td>3,462</td>
</tr>
<tr>
<td></td>
<td><strong>37,455</strong></td>
<td><strong>36,424</strong></td>
</tr>
</tbody>
</table>

(i) The amount represents buyer protection fund deposits received from merchants on the Company’s marketplaces, which are restricted for the purpose of compensating buyers for claims against merchants. A corresponding liability is recorded in other deposits and advances received under accrued expenses, accounts payable and other liabilities (Note 19) on the consolidated balance sheets.

11. Equity securities and other investments

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2022</th>
<th>As of March 31, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original cost</td>
<td>Cumulative net gains (losses)</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB (in millions)</td>
</tr>
<tr>
<td>Equity securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed equity securities</td>
<td>93,599</td>
<td>9,661</td>
</tr>
<tr>
<td>Investments in privately held companies</td>
<td>110,096</td>
<td>(859)</td>
</tr>
<tr>
<td>Debt investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities and loan investments</td>
<td>27,153</td>
<td>(7,366)</td>
</tr>
<tr>
<td></td>
<td>230,848</td>
<td>1,436</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original cost</td>
<td>Cumulative net gains (losses)</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB (in millions)</td>
</tr>
<tr>
<td>Equity securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed equity securities</td>
<td>107,535</td>
<td>216</td>
</tr>
<tr>
<td>Investments in privately held companies</td>
<td>97,701</td>
<td>(10,664)</td>
</tr>
<tr>
<td>Debt investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities and loan investments</td>
<td>22,210</td>
<td>(7,105)</td>
</tr>
<tr>
<td>Other treasury investments</td>
<td>40,736</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>268,182</strong></td>
<td><strong>(17,553)</strong></td>
</tr>
</tbody>
</table>

Details of the significant additions during the years ended March 31, 2021, 2022 and 2023 are set out in Note 4.
11. Equity securities and other investments (Continued)

Equity securities

For equity securities which were still held as of March 31, 2021, 2022 and 2023, net unrealized gains (losses), including impairment losses, of RMB45,139 million, RMB(25,587) million and RMB(29,481) million, respectively, were recognized in interest and investment income, net, for the years ended March 31, 2021, 2022 and 2023.

Investments in privately held companies include equity investments for which the Company elected to account for using the measurement alternative (Note 2(t)), for which the carrying value as of March 31, 2022 and 2023 were RMB99,270 million and RMB79,545 million, respectively.

For equity investments accounted for using the measurement alternative as of March 31, 2022, the Company recorded cumulative upward adjustments of RMB26,759 million and cumulative impairments and downward adjustments of RMB27,827 million. For these investments, the Company recorded upward adjustments of RMB19,159 million and impairments and downward adjustments of RMB7,603 million during the year ended March 31, 2022.

For equity investments accounted for using the measurement alternative as of March 31, 2023, the Company recorded cumulative upward adjustments of RMB17,782 million and cumulative impairments and downward adjustments of RMB26,922 million. For these investments, the Company recorded upward adjustments of RMB4,205 million and impairments and downward adjustments of RMB13,266 million during the year ended March 31, 2023.

Debt investments

Debt investments include convertible and exchangeable bonds accounted for under the fair value option, for which the fair value as of March 31, 2022 and 2023 were RMB8,339 million and RMB7,167 million, respectively. The aggregate fair value of these convertible and exchangeable bonds was lower than their aggregate unpaid principal balance as of March 31, 2022 and 2023 by RMB3,248 million and RMB2,993 million, respectively. Unrealized gains (losses) recorded on these convertible and exchangeable bonds in the consolidated income statements were RMB1,573 million, RMB(3,112) million and RMB(262) million during the years ended March 31, 2021, 2022 and 2023, respectively.

Debt investments also include debt investments accounted for at amortized cost, for which the allowance for credit losses as of March 31, 2022 and 2023 were RMB4,336 million and RMB4,085 million, respectively.

During the year ended March 31, 2023, there were modifications, including alignment of the maturity date and adjustments of numbers of collateral, to loans provided to a shareholder of an equity method investee with principal amount of RMB4,931 million. Expected credit loss was assessed on an individual basis and was based on the fair value of the shares pledged as collateral as of the reporting date, adjusted for selling costs as appropriate, considering that repayment is expected to be provided substantially through the sale of collateral. The fair value of the collateral as of March 31, 2023 was RMB3,574 million. There is no commitment to lend additional funds.

During the years ended March 31, 2021, 2022 and 2023, impairment losses (reversal of impairment losses) on these debt investments of RMB175 million, RMB3,225 million and RMB(356) million, respectively, were recorded in interest and investment income, net in the consolidated income statements.

The carrying amount of debt investments accounted for at amortized cost approximates their fair value due to the fact that the related effective interest rates approximate rates currently offered by financial institutions for similar debt instruments of comparable maturities.

Other treasury investments comprise of investments in fixed deposits and certificates of deposits with original maturities over one year for treasury purposes.
12. Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- **Level 1** — Valuations based on unadjusted quoted prices for identical assets and liabilities in active markets.
- **Level 2** — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** — Valuations based on unobservable inputs reflecting assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Fair value of listed equity securities are based on quoted prices in active markets for identical assets or liabilities. Certain other financial instruments, such as interest rate swap contracts and certain option agreements, are valued based on inputs derived from or corroborated by observable market data. Valuations of convertible and exchangeable bonds that do not have a quoted price are generally performed using valuation models such as the binomial model with unobservable inputs including risk-free interest rate and expected volatility. The valuation of contingent consideration is performed using an expected cash flow method with unobservable inputs including the probability to achieve the contingencies, which is assessed by the Company, in connection with the contingent consideration arrangements. Investments in privately held companies for which the Company elected to record using the measurement alternative are re-measured on a non-recurring basis, and are categorized within Level 3 under the fair value hierarchy. The values are estimated based on valuation methods using the observable transaction price at the transaction date and considering the rights and obligations of the securities and other unobservable inputs including volatility.
12. Fair value measurement (Continued)

The following table summarizes the Company’s assets and liabilities that are measured at fair value on a recurring basis and are categorized under the fair value hierarchy:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2022</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits (i)</td>
<td>—</td>
<td>233,724</td>
<td>—</td>
<td>233,724</td>
</tr>
<tr>
<td>Wealth management products (i)</td>
<td>—</td>
<td>21,261</td>
<td>—</td>
<td>21,261</td>
</tr>
<tr>
<td>Marketable debt securities (i)</td>
<td>—</td>
<td>1,529</td>
<td>—</td>
<td>1,529</td>
</tr>
<tr>
<td>Restricted cash and escrow receivables</td>
<td>37,455</td>
<td>—</td>
<td>—</td>
<td>37,455</td>
</tr>
<tr>
<td>Listed equity securities (ii)</td>
<td>103,260</td>
<td>—</td>
<td>1,067</td>
<td>103,260</td>
</tr>
<tr>
<td>Convertible and exchangeable bonds (ii)</td>
<td>—</td>
<td>2,196</td>
<td>826</td>
<td>8,339</td>
</tr>
<tr>
<td>Others (v)</td>
<td>142,911</td>
<td>259,984</td>
<td>8,292</td>
<td>419,284</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent consideration in relation to investments and acquisitions (iv)</td>
<td>—</td>
<td>—</td>
<td>829</td>
<td>829</td>
</tr>
<tr>
<td>Interest rate swap contracts and others (iv)</td>
<td>—</td>
<td>354</td>
<td>170</td>
<td>524</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of March 31, 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits and certificate of deposits(i)</td>
<td>—</td>
<td>332,971</td>
<td>—</td>
<td>332,971</td>
</tr>
<tr>
<td>Wealth management products (i)</td>
<td>—</td>
<td>34,257</td>
<td>—</td>
<td>34,257</td>
</tr>
<tr>
<td>Restricted cash and escrow receivables</td>
<td>36,424</td>
<td>—</td>
<td>—</td>
<td>36,424</td>
</tr>
<tr>
<td>Listed equity securities (ii)</td>
<td>107,751</td>
<td>—</td>
<td>775</td>
<td>107,751</td>
</tr>
<tr>
<td>Convertible and exchangeable bonds (ii)</td>
<td>—</td>
<td>646</td>
<td>290</td>
<td>936</td>
</tr>
<tr>
<td>Others (v)</td>
<td>144,337</td>
<td>370,411</td>
<td>6,142</td>
<td>527,572</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent consideration in relation to investments and acquisitions (iv)</td>
<td>—</td>
<td>—</td>
<td>537</td>
<td>537</td>
</tr>
<tr>
<td>Others (iv)</td>
<td>—</td>
<td>182</td>
<td>132</td>
<td>314</td>
</tr>
</tbody>
</table>

(i) Included in short-term investments and equity securities and other investments on the consolidated balance sheets.
(ii) Included in equity securities and other investments on the consolidated balance sheets.
(iii) Included in prepayments, receivables and other assets on the consolidated balance sheets.
(iv) Included in accrued expenses, accounts payable and other liabilities on the consolidated balance sheets.
(v) Others primarily represent other investments with underlying assets measured at fair value.
12. Fair value measurement (Continued)

Convertible and exchangeable bonds categorized within Level 3 under the fair value hierarchy:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of March 31, 2021</td>
<td>9,645</td>
</tr>
<tr>
<td>Additions</td>
<td>1,915</td>
</tr>
<tr>
<td>Net decrease in fair value</td>
<td>(2,734)</td>
</tr>
<tr>
<td>Disposal</td>
<td>(1,225)</td>
</tr>
<tr>
<td>Conversion</td>
<td>(162)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(167)</td>
</tr>
<tr>
<td>Balance as of March 31, 2022</td>
<td>7,272</td>
</tr>
<tr>
<td>Additions</td>
<td>785</td>
</tr>
<tr>
<td>Net decrease in fair value</td>
<td>(373)</td>
</tr>
<tr>
<td>Disposal</td>
<td>(35)</td>
</tr>
<tr>
<td>Conversion</td>
<td>(1,492)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>235</td>
</tr>
<tr>
<td>Balance as of March 31, 2023</td>
<td>6,392</td>
</tr>
</tbody>
</table>

Contingent consideration in relation to investments and acquisitions categorized within Level 3 under the fair value hierarchy:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of March 31, 2021</td>
<td>2,232</td>
</tr>
<tr>
<td>Additions</td>
<td>376</td>
</tr>
<tr>
<td>Net decrease in fair value</td>
<td>(19)</td>
</tr>
<tr>
<td>Payment</td>
<td>(1,746)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(14)</td>
</tr>
<tr>
<td>Balance as of March 31, 2022</td>
<td>829</td>
</tr>
<tr>
<td>Additions</td>
<td>178</td>
</tr>
<tr>
<td>Net decrease in fair value</td>
<td>(34)</td>
</tr>
<tr>
<td>Payment</td>
<td>(445)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>9</td>
</tr>
<tr>
<td>Balance as of March 31, 2023</td>
<td>537</td>
</tr>
</tbody>
</table>
### 13. Prepayments, receivables and other assets

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td><strong>Current:</strong></td>
<td>(in millions)</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>32,813</td>
<td>32,134</td>
</tr>
<tr>
<td>Inventories</td>
<td>30,087</td>
<td>28,547</td>
</tr>
<tr>
<td>VAT receivables, net of allowance</td>
<td>23,779</td>
<td>17,497</td>
</tr>
<tr>
<td>Prepaid cost of revenue, sales and marketing and other expenses</td>
<td>17,902</td>
<td>16,794</td>
</tr>
<tr>
<td>Advances to/receivables from customers, merchants and others</td>
<td>11,205</td>
<td>14,499</td>
</tr>
<tr>
<td>Amounts due from related companies (i)</td>
<td>12,188</td>
<td>9,042</td>
</tr>
<tr>
<td>Interest receivables</td>
<td>2,449</td>
<td>5,471</td>
</tr>
<tr>
<td>Deferred direct selling costs and cost of revenue (ii)</td>
<td>3,915</td>
<td>4,771</td>
</tr>
<tr>
<td>Others</td>
<td>11,657</td>
<td>8,317</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>145,995</td>
<td>137,072</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>78,053</td>
<td>77,428</td>
</tr>
<tr>
<td>Deferred tax assets (Note 7)</td>
<td>14,475</td>
<td>15,494</td>
</tr>
<tr>
<td>Film costs and prepayment for licensed copyrights and others</td>
<td>12,425</td>
<td>8,905</td>
</tr>
<tr>
<td>Prepayment for acquisition of property and equipment</td>
<td>3,592</td>
<td>3,976</td>
</tr>
<tr>
<td>Others</td>
<td>4,602</td>
<td>5,123</td>
</tr>
<tr>
<td><strong>Total Non-current</strong></td>
<td>113,147</td>
<td>110,926</td>
</tr>
</tbody>
</table>

(i) Amounts due from related companies primarily represent balances arising from transactions with Ant Group (Note 22), including dividend receivable from Ant Group amounting to RMB3,945 million and nil as of March 31, 2022 and 2023. The balances are unsecured, interest free and repayable within the next twelve months.

(ii) The Company is obligated to pay certain costs upon the receipt of membership fees from merchants or other customers, which primarily consist of sales commissions, and certain costs associated with cloud services. The membership fees and cloud services revenue are initially deferred and recognized as revenue in the consolidated income statements in the period in which the services are rendered. As such, the related costs are also initially deferred and recognized in the consolidated income statements in the same period as the related service fees and revenue are recognized.
14. Investments in equity method investees

<table>
<thead>
<tr>
<th></th>
<th>Amounts (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of March 31, 2021</strong></td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>200,189</td>
</tr>
<tr>
<td>Additions</td>
<td>8,964</td>
</tr>
<tr>
<td>Share of results, other comprehensive income and other reserves (i)</td>
<td>18,822</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,237)</td>
</tr>
<tr>
<td>Distributions (ii)</td>
<td>(5,329)</td>
</tr>
<tr>
<td>Transfers</td>
<td>5,159</td>
</tr>
<tr>
<td>Impairment loss (iii)</td>
<td>(6,201)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(725)</td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2022</strong></td>
<td>219,642</td>
</tr>
<tr>
<td>Additions</td>
<td>4,990</td>
</tr>
<tr>
<td>Share of results, other comprehensive income and other reserves (i)</td>
<td>677</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,192)</td>
</tr>
<tr>
<td>Distributions (ii)</td>
<td>(11,645)</td>
</tr>
<tr>
<td>Transfers</td>
<td>1,046</td>
</tr>
<tr>
<td>Impairment loss (iii)</td>
<td>(8,310)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>2,172</td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2023</strong></td>
<td>207,380</td>
</tr>
</tbody>
</table>

(i) Share of results, other comprehensive income and other reserves include the share of results of the equity method investees, the gain or loss arising from the deemed disposal of the equity method investees and basis differences arising from equity method investees. The amount excludes the expenses relating to the share-based awards underlying the equity of the Company and Ant Group granted to employees of certain equity method investees.

(ii) Includes dividend declared by Ant Group amounting to RMB3,945 million and RMB10,519 million for the years ended March 31, 2022 and 2023, respectively (Note 13).

(iii) Impairment loss recorded represents other-than-temporary decline in fair value below the carrying value of the investments in equity method investees. The valuation inputs for the fair value measurement with respect to the impairments include the stock price for equity method investees that are listed, as well as certain unobservable inputs that are not subject to meaningful aggregation.

As of March 31, 2023, equity method investments with an aggregate carrying amount of RMB32,949 million are publicly traded and the total market value of these investments amounted to RMB38,725 million. As of March 31, 2023, the Company’s retained earnings included undistributed earnings from equity method investees of RMB44,076 million.
14. Investments in equity method investees (Continued)

For the years ended March 31, 2021, 2022 and 2023, equity method investments held by the Company in aggregate have met the significance criteria as defined under Rule 4-08(g) of Regulation S-X. As such, the Company is required to present summarized financial information for all of its equity method investments as a group as follows:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (in millions)</td>
<td>RMB (in millions)</td>
<td>RMB (in millions)</td>
</tr>
<tr>
<td><strong>Operating data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>657,065</td>
<td>541,712</td>
<td>441,495</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(474,123)</td>
<td>(371,076)</td>
<td>(297,895)</td>
</tr>
<tr>
<td>Income from operations</td>
<td>55,896</td>
<td>38,006</td>
<td>27,163</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>95,224</td>
<td>113,970</td>
<td>(86,761)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As of March 31,</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet data:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>624,045</td>
<td>591,660</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>870,394</td>
<td>803,288</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>426,170</td>
<td>409,055</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>118,575</td>
<td>115,399</td>
</tr>
<tr>
<td>Noncontrolling interests and mezzanine equity</td>
<td>16,059</td>
<td>14,023</td>
</tr>
</tbody>
</table>

15. Property and equipment, net

<table>
<thead>
<tr>
<th>As of March 31,</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building, property improvements and other property</strong></td>
<td>106,794</td>
<td>123,276</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>94,539</td>
<td>100,563</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>43,675</td>
<td>45,129</td>
</tr>
<tr>
<td>Furniture, office and transportation equipment and others</td>
<td>20,554</td>
<td>21,631</td>
</tr>
<tr>
<td><strong>Less: accumulated depreciation and impairment</strong></td>
<td>265,562</td>
<td>290,599</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>171,806</td>
<td>176,031</td>
</tr>
</tbody>
</table>

Depreciation expenses recognized for the years ended March 31, 2021, 2022 and 2023 were RMB 25,550 million, RMB 25,470 million and RMB 24,654 million, respectively.
16. Intangible assets, net

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>User base and customer relationships</td>
<td>47,941</td>
</tr>
<tr>
<td>Trade names, trademarks and domain names</td>
<td>39,080</td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>14,436</td>
</tr>
<tr>
<td>Developed technology and patents</td>
<td>7,088</td>
</tr>
<tr>
<td>Licensed copyrights (Note 2(x)) and others</td>
<td>8,384</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>116,929</td>
</tr>
<tr>
<td><strong>Less: accumulated amortization and impairment</strong></td>
<td>(57,698)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>59,231</td>
</tr>
</tbody>
</table>

During the years ended March 31, 2021, 2022 and 2023, the Company acquired intangible assets amounting to RMB20,750 million, RMB1,000 million and RMB285 million, respectively, in connection with business combinations, which were measured at fair value upon acquisition. Details of intangible assets acquired in connection with business combinations are included in Note 4.

The estimated aggregate amortization expenses for each of the five succeeding fiscal years and thereafter are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
</tr>
<tr>
<td></td>
<td>(in millions)</td>
</tr>
<tr>
<td>For the year ending March 31,</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>12,530</td>
</tr>
<tr>
<td>2025</td>
<td>8,086</td>
</tr>
<tr>
<td>2026</td>
<td>4,935</td>
</tr>
<tr>
<td>2027</td>
<td>4,645</td>
</tr>
<tr>
<td>2028</td>
<td>4,256</td>
</tr>
<tr>
<td>Thereafter</td>
<td>12,461</td>
</tr>
<tr>
<td></td>
<td>46,913</td>
</tr>
</tbody>
</table>
17. Goodwill

Changes in the carrying amount of goodwill by segment for the years ended March 31, 2022 and 2023 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Core commerce</th>
<th>China commerce</th>
<th>International commerce</th>
<th>Local consumer services (in millions of RMB)</th>
<th>Cainiao</th>
<th>Cloud</th>
<th>Digital media and entertainment</th>
<th>Innovation initiatives and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of March 31, 2021</td>
<td>223,014</td>
<td>—</td>
<td>—</td>
<td>2,044</td>
<td>58,673</td>
<td>9,040</td>
<td>9,040</td>
<td>3,283</td>
<td>292,771</td>
</tr>
<tr>
<td>Additions</td>
<td>2,506</td>
<td>523</td>
<td>—</td>
<td>254</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,283</td>
<td>3,283</td>
</tr>
<tr>
<td>Impairment (i)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(25,141)</td>
<td>—</td>
<td>(25,141)</td>
</tr>
<tr>
<td>Allocation of goodwill (ii)</td>
<td>(224,407)</td>
<td>174,424</td>
<td>17,630</td>
<td>20,292</td>
<td>16,346</td>
<td>815</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(1,113)</td>
<td>—</td>
<td>(169)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(50)</td>
<td>—</td>
<td>(1,332)</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
<td>—</td>
<td>97</td>
<td>85</td>
<td>394</td>
<td>7</td>
<td>—</td>
<td>583</td>
<td>—</td>
</tr>
<tr>
<td>Impairment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,714)</td>
<td>—</td>
<td>(2,714)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>—</td>
<td>9</td>
<td>593</td>
<td>6</td>
<td>33</td>
<td>—</td>
<td>—</td>
<td>641</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of March 31, 2023</td>
<td>—</td>
<td>174,956</td>
<td>18,151</td>
<td>20,292</td>
<td>16,347</td>
<td>3,490</td>
<td>30,825</td>
<td>3,940</td>
<td>268,091</td>
</tr>
</tbody>
</table>

(i) During the year ended March 31, 2022, considered the changes in market conditions, the Company performed quantitative impairment tests on certain reporting units under the Digital media and entertainment segment and recognized impairment charges of RMB14,754 million relating to one listed reporting unit and RMB10,387 million relating to one unlisted reporting unit. The fair value of the listed reporting unit was determined based on its market capitalization, adjusted for control premium. The fair value of the unlisted reporting unit was determined based on the discounted cash flow analysis using the assumptions including the future growth rates and the weighted average cost of capital. No further impairment charge was recognized relating to these reporting units during the year ended March 31, 2023.

(ii) During the year ended March 31, 2022, the Company allocated its goodwill primarily as a result of the change in segments (Note 26).

Gross goodwill balances were RMB299,201 million and RMB300,425 million as of March 31, 2022 and 2023, respectively. Accumulated impairment losses were RMB29,620 million and RMB32,334 million as of March 31, 2022 and 2023, respectively.

In the annual goodwill impairment assessment, the Company concluded that the carrying amounts of certain reporting units exceeded their respective fair values and recorded impairment losses of nil, RMB25,141 million and RMB2,714 million during the years ended March 31, 2021, 2022 and 2023, respectively. The goodwill impairment is presented as an unallocated item in the segment information (Note 26) because the CODM of the Company does not consider this as part of the segment operating performance measure.
18. Deferred revenue and customer advances

Deferred revenue and customer advances primarily represent service fees prepaid by merchants or customers for which the relevant services have not been provided. The respective balances are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>32,085</td>
<td>35,350</td>
</tr>
<tr>
<td>Customer advances</td>
<td>38,388</td>
<td>39,505</td>
</tr>
<tr>
<td></td>
<td>70,473</td>
<td>74,855</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>(66,983)</td>
<td>(71,295)</td>
</tr>
<tr>
<td>Non-current portion</td>
<td>3,490</td>
<td>3,560</td>
</tr>
</tbody>
</table>

All service fees received in advance are initially recorded as customer advances. These amounts are transferred to deferred revenue upon commencement of the provision of services by the Company and are recognized in the consolidated income statements in the period in which the services are provided. In general, service fees received in advance are non-refundable after the amounts are transferred to deferred revenue. Substantially all of the balances of deferred revenue and customer advances are generally recognized as revenue within one year.

19. Accrued expenses, accounts payable and other liabilities

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables and accruals</td>
<td>107,205</td>
<td>103,369</td>
</tr>
<tr>
<td>for cost of revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and sales and</td>
<td>55,200</td>
<td>54,964</td>
</tr>
<tr>
<td>marketing expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable to merchants</td>
<td>26,798</td>
<td>31,425</td>
</tr>
<tr>
<td>and third party</td>
<td></td>
<td></td>
</tr>
<tr>
<td>marketing affiliates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued bonus and</td>
<td>28,343</td>
<td>29,000</td>
</tr>
<tr>
<td>staff costs, including</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sales commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables and accruals</td>
<td>17,032</td>
<td>15,625</td>
</tr>
<tr>
<td>for purchases of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>property and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due to related</td>
<td>7,783</td>
<td>10,383</td>
</tr>
<tr>
<td>companies (ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other taxes payable</td>
<td>8,761</td>
<td>6,997</td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease</td>
<td>4,994</td>
<td>5,667</td>
</tr>
<tr>
<td>liabilities (Note 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent and deferred</td>
<td>2,045</td>
<td>901</td>
</tr>
<tr>
<td>consideration in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>relation to investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrow money payable</td>
<td>203</td>
<td>107</td>
</tr>
<tr>
<td>Others</td>
<td>13,096</td>
<td>17,512</td>
</tr>
<tr>
<td></td>
<td>271,460</td>
<td>275,950</td>
</tr>
<tr>
<td>Non-current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease</td>
<td>30,259</td>
<td>28,548</td>
</tr>
<tr>
<td>liabilities (Note 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent and deferred</td>
<td>990</td>
<td>1,058</td>
</tr>
<tr>
<td>consideration in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>relation to investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and acquisitions</td>
<td>628</td>
<td>773</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31,877</td>
<td>30,379</td>
</tr>
</tbody>
</table>

(i) Other deposits and advances received as of March 31, 2022 and 2023 include buyer protection fund deposits received from merchants on the Company’s marketplaces (Note 10).

(ii) Amounts due to related companies primarily represent balances arising from the transactions with Ant Group (Note 22). The balances are unsecured, interest free and repayable within the next twelve months.

(iii) Other taxes payable primarily represent VAT and PRC individual income tax of employees withheld by the Company.
20. Bank borrowings

Bank borrowings are analyzed as follows:

<table>
<thead>
<tr>
<th>As of March 31,</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td></td>
<td>(in millions)</td>
<td></td>
</tr>
<tr>
<td>Current portion:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term other borrowings (i)</td>
<td>8,841</td>
<td>7,466</td>
</tr>
<tr>
<td>Non-current portion:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$4.0 billion syndicated loan denominated in US$ (ii)</td>
<td>25,331</td>
<td>27,393</td>
</tr>
<tr>
<td>Long-term other borrowings (iii)</td>
<td>12,913</td>
<td>24,630</td>
</tr>
<tr>
<td></td>
<td>38,244</td>
<td>52,023</td>
</tr>
</tbody>
</table>

(i) As of March 31, 2022 and 2023, the Company had short-term borrowings from banks which were repayable within one year or on demand and charged interest rates ranging from 0.6% to 12.5% and 1.6% to 12.5% per annum, respectively. As of March 31, 2022 and 2023, the weighted average interest rate of these borrowings was 2.8% and 2.7% per annum, respectively. The borrowings are primarily denominated in RMB.

(ii) As of March 31, 2022 and 2023, the Company had a US$4.0 billion syndicated loan, which was initially entered into with a group of eight lead arrangers. The loan was priced at 85 basis points over LIBOR with maturity in May 2024. Certain related floating interest payments are hedged by certain interest rate swap contracts entered into by the Company. The proceeds of the loan were used for general corporate and working capital purposes (including acquisitions). In May 2023, the loan terms were modified such that the interest rate of the loan was adjusted to 80 basis points over Secured Overnight Financing Rate (“SOFR”) with a credit adjustment spread and the maturity of the loan was extended to May 2028 in July 2023.

(iii) As of March 31, 2022 and 2023, the Company had long-term borrowings from banks with weighted average interest rates of 4.1% and 3.8% per annum, respectively. The borrowings are primarily denominated in RMB.

Certain other bank borrowings are collateralized by a pledge of certain buildings and property improvements, construction in progress and land use rights in the PRC with carrying values of RMB19,617 million and RMB23,767 million, as of March 31, 2022 and 2023, respectively. As of March 31, 2023, the Company is in compliance with all covenants in relation to bank borrowings.

In April 2017, the Company obtained a revolving credit facility provided by certain financial institutions for an amount of US$5.15 billion, which has not yet been drawn down. The interest rate on any outstanding utilized amount under this credit facility was calculated based on LIBOR plus 95 basis points. This facility is reserved for general corporate and working capital purposes (including acquisitions). In June 2021, the terms of this credit facility were amended and the amount of the credit facility was increased to US$6.5 billion. The expiration date of the credit facility was extended to June 2026. Under the terms of the amended credit facility, the interest rate on any outstanding utilized amount will be calculated based on LIBOR plus 80 basis points. In May 2023, the interest rate was adjusted to SOFR with a credit adjustment spread plus 80 basis points.

As of March 31, 2023, the borrowings will be due according to the following schedule:

<table>
<thead>
<tr>
<th>Principal amounts (in millions)</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>7,466</td>
</tr>
<tr>
<td>Between 1 to 2 years</td>
<td>30,057</td>
</tr>
<tr>
<td>Between 2 to 3 years</td>
<td>4,787</td>
</tr>
<tr>
<td>Between 3 to 4 years</td>
<td>2,570</td>
</tr>
<tr>
<td>Between 4 to 5 years</td>
<td>4,490</td>
</tr>
<tr>
<td>Beyond 5 years</td>
<td>10,159</td>
</tr>
<tr>
<td></td>
<td>59,529</td>
</tr>
</tbody>
</table>
21. Unsecured senior notes

In November 2014, the Company issued unsecured senior notes including floating rate and fixed rate notes with varying maturities for an aggregate principal amount of US$8.0 billion (the “2014 Senior Notes”), of which US$1.3 billion was repaid in November 2017, US$2.25 billion was repaid in November 2019 and US$1.5 billion was repaid in November 2021. The 2014 Senior Notes are senior unsecured obligations that are listed on the HKSE, and interest is payable in arrears, quarterly for the floating rate notes and semiannually for the fixed rate notes.

In December 2017, the Company issued unsecured fixed rate senior notes with varying maturities for an aggregate principal amount of US$7.0 billion (the “2017 Senior Notes”), of which US$0.7 billion was repaid in June 2023. The 2017 Senior Notes are senior unsecured obligations that are listed on the Singapore Stock Exchange, and interest is payable in arrears semiannually.

In February 2021, the Company issued unsecured fixed rate senior notes with varying maturities for an aggregate principal amount of US$5.0 billion (the “2021 Senior Notes”). The 2021 Senior Notes are senior unsecured obligations that are listed on the Singapore Stock Exchange, and interest is payable in arrears semiannually.

The following table provides a summary of the Company’s unsecured senior notes as of March 31, 2022 and 2023:

<table>
<thead>
<tr>
<th>Notes Description</th>
<th>2022</th>
<th>2023</th>
<th>Effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$700 million 2.800% notes due 2023</td>
<td>4,439</td>
<td>4,800</td>
<td>2.90%</td>
</tr>
<tr>
<td>US$2,250 million 3.600% notes due 2024</td>
<td>14,256</td>
<td>15,410</td>
<td>3.68%</td>
</tr>
<tr>
<td>US$2,550 million 3.400% notes due 2027</td>
<td>16,091</td>
<td>17,397</td>
<td>3.52%</td>
</tr>
<tr>
<td>US$1,500 million 2.125% notes due 2031</td>
<td>9,469</td>
<td>10,234</td>
<td>2.20%</td>
</tr>
<tr>
<td>US$700 million 4.500% notes due 2034</td>
<td>4,400</td>
<td>4,754</td>
<td>4.60%</td>
</tr>
<tr>
<td>US$1,000 million 4.000% notes due 2037</td>
<td>6,300</td>
<td>6,807</td>
<td>4.06%</td>
</tr>
<tr>
<td>US$1,000 million 2.700% notes due 2041</td>
<td>6,256</td>
<td>6,761</td>
<td>2.80%</td>
</tr>
<tr>
<td>US$1,750 million 4.200% notes due 2047</td>
<td>11,014</td>
<td>11,898</td>
<td>4.25%</td>
</tr>
<tr>
<td>US$1,500 million 3.150% notes due 2051</td>
<td>9,448</td>
<td>10,206</td>
<td>3.19%</td>
</tr>
<tr>
<td>US$1,000 million 4.400% notes due 2057</td>
<td>6,290</td>
<td>6,795</td>
<td>4.44%</td>
</tr>
<tr>
<td>US$1,000 million 3.250% notes due 2061</td>
<td>6,296</td>
<td>6,803</td>
<td>3.28%</td>
</tr>
<tr>
<td>Carrying value</td>
<td>94,259</td>
<td>101,865</td>
<td></td>
</tr>
<tr>
<td>Unamortized discount and debt issuance costs</td>
<td>668</td>
<td>665</td>
<td></td>
</tr>
<tr>
<td>Total principal amounts of unsecured senior notes</td>
<td>94,927</td>
<td>102,530</td>
<td></td>
</tr>
<tr>
<td>Less: current portion of principal amounts of unsecured senior notes</td>
<td>— (4,801)</td>
<td>— (4,801)</td>
<td></td>
</tr>
<tr>
<td>Non-current portion of principal amounts of unsecured senior notes</td>
<td>94,927</td>
<td>97,729</td>
<td></td>
</tr>
</tbody>
</table>

The effective interest rates for the unsecured senior notes include the interest charged on the notes as well as amortization of the debt discounts and debt issuance costs.

The unsecured senior notes contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Company’s assets. As of March 31, 2023, the Company is in compliance with all these covenants. In addition, the unsecured senior notes rank senior in right of payment to all of the Company’s existing and future indebtedness expressly subordinated in right of payment to the notes and rank at least equally in right of payment with all of the Company’s existing and future unsecured unsubordinated indebtedness (subject to any priority rights pursuant to applicable law).
21. Unsecured senior notes (Continued)

As of March 31, 2023, the future principal payments for the Company’s unsecured senior notes will be due according to the following schedule:

<table>
<thead>
<tr>
<th>Principal amounts</th>
<th>RMB (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>4,801</td>
</tr>
<tr>
<td>Between 1 to 2 years</td>
<td>15,431</td>
</tr>
<tr>
<td>Between 2 to 3 years</td>
<td>—</td>
</tr>
<tr>
<td>Between 3 to 4 years</td>
<td>—</td>
</tr>
<tr>
<td>Between 4 to 5 years</td>
<td>17,488</td>
</tr>
<tr>
<td>Thereafter</td>
<td>64,810</td>
</tr>
<tr>
<td></td>
<td>102,530</td>
</tr>
</tbody>
</table>

As of March 31, 2022 and 2023, the fair values of the Company’s unsecured senior notes, based on Level 2 inputs, were US$14,067 million (RMB89,319 million) and US$12,523 million (RMB85,886 million), respectively.

22. Related party transactions

During the years ended March 31, 2021, 2022 and 2023, other than disclosed elsewhere, the Company had the following material related party transactions:

Transactions with Ant Group and its affiliates

<table>
<thead>
<tr>
<th>Transactions with Ant Group and its affiliates</th>
<th>Year ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (RMB)</td>
</tr>
<tr>
<td>Amounts earned by the Company</td>
<td></td>
</tr>
<tr>
<td>Cloud services revenue (i)</td>
<td>3,916</td>
</tr>
<tr>
<td>Administrative and support services (i)</td>
<td>1,208</td>
</tr>
<tr>
<td>Annual fee for SME loan business (ii)</td>
<td>954</td>
</tr>
<tr>
<td>Marketplace software technology services fee and other amounts earned (i)</td>
<td>2,427</td>
</tr>
<tr>
<td></td>
<td>8,505</td>
</tr>
<tr>
<td>Amounts incurred by the Company</td>
<td></td>
</tr>
<tr>
<td>Payment processing and escrow services fee (iii)</td>
<td>10,598</td>
</tr>
<tr>
<td>Other amounts incurred (i)</td>
<td>4,509</td>
</tr>
<tr>
<td></td>
<td>15,107</td>
</tr>
</tbody>
</table>

(i) The Company has other commercial arrangements and cost sharing arrangements with Ant Group and its affiliates on various sales and marketing, cloud, and other administrative and support services.

(ii) Pursuant to the SAPA, the Company entered into software system use and service agreements with Ant Group in 2014, under which the Company would receive annual fees for SME loan business for a term of seven years. In calendar years 2018 to 2021, the Company received or will receive annual fees equal to the amount received in calendar year 2017, which was equal to 2.5% of the average daily balance of the SME loans made by Ant Group and its affiliates during that year. The annual fee payment by Ant Group in relation to SME loan business was terminated in December 2021.

(iii) The Company has a commercial agreement with Alipay whereby the Company receives payment processing and escrow services in exchange for a payment for the services fee, which was recognized in cost of revenue.
22. Related party transactions (Continued)

Transactions with Ant Group and its affiliates (Continued)

As of March 31, 2022 and 2023, the Company had certain amounts of cash held in accounts managed by Alipay in connection with the provision of online and mobile commerce and related services for a total amount of RMB8,987 million and RMB7,080 million, respectively, which have been classified as cash and cash equivalents on the consolidated balance sheets.

Transactions with other investees

The Company has commercial arrangements with certain investees of the Company related to cloud services. In connection with these services provided by the Company, RMB2,411 million, RMB1,826 million and RMB1,462 million were recorded in revenue in the consolidated income statements for the years ended March 31, 2021, 2022 and 2023, respectively.

The Company has commercial arrangements with certain investees of the Company related to marketing services. In connection with these services provided to the Company, RMB1,394 million, RMB976 million and RMB382 million were recorded in cost of revenue and sales and marketing expenses in the consolidated income statements for the years ended March 31, 2021, 2022 and 2023, respectively.

The Company has commercial arrangements with certain investees of the Company related to logistics services. In connection with these services provided by the Company, RMB1,732 million, RMB1,728 million and RMB1,140 million were recorded in revenue in the consolidated income statements for the years ended March 31, 2021, 2022 and 2023, respectively. Costs and expenses incurred in connection with these services provided to the Company of RMB11,068 million, RMB13,120 million and RMB14,750 million were recorded in the consolidated income statements for the same periods, respectively.

The Company has extended loans to certain investees for working capital and other uses in conjunction with the Company’s investments. As of March 31, 2022 and 2023, the aggregate outstanding balance of these loans was RMB3,000 million and RMB2,345 million, respectively, with remaining terms of up to four years and interest rates of up to 10% per annum as of March 31, 2022, and remaining terms of up to three years and interest rates of up to 10% per annum as of March 31, 2023.

The Company provided a guarantee for a term loan facility of HK$7.7 billion in favor of Hong Kong Cingleot Investment Management Limited (“Cingleot”), a company that is partially owned by the Company, in connection with a logistics center development project at the Hong Kong International Airport. As of March 31, 2022 and 2023, HK$3,413 million and HK$5,233 million was drawn down by Cingleot under this facility, respectively.

The Company’s ecosystem offers different platforms on which different enterprises operate and the Company believes that all transactions on the Company’s platforms are conducted on terms obtained in arm’s length transactions with similar unrelated parties.

Other than the transactions disclosed above or elsewhere in the consolidated financial statements, the Company has commercial arrangements with SoftBank, other investees and other related parties to provide and receive certain marketing, cloud and other services and products. The amounts relating to these services provided and received represent less than 1% of the Company’s revenue and total costs and expenses, respectively, for the years ended March 31, 2021, 2022 and 2023.

In addition, the Company has made certain acquisitions and equity investments together with related parties from time to time during the years ended March 31, 2021, 2022 and 2023. The agreements for acquisitions and equity investments were entered into by the parties involved and conducted on fair value basis. The significant acquisitions and equity investments together with related parties are included in Note 4.
23. Restricted net assets

PRC laws and regulations permit payments of dividends by the Company’s subsidiaries incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company’s subsidiaries incorporated in the PRC are required to annually appropriate 10% of their net income to the statutory reserve prior to payment of any dividends, unless the reserve has reached 50% of their respective registered capital. Furthermore, registered share capital and capital reserve accounts are also restricted from distribution. As a result of the restrictions described above and elsewhere under PRC laws and regulations, the Company’s subsidiaries incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company in the form of dividends. The restriction amounted to RMB194,576 million as of March 31, 2023. Except for the above or disclosed elsewhere, there is no other restriction on the use of proceeds generated by the Company’s subsidiaries to satisfy any obligations of the Company.

24. Commitments

(a) Capital commitments

The Company’s capital commitments primarily relate to capital expenditures contracted for purchase of property and equipment, including the construction of corporate campuses. Total capital commitments contracted but not provided for amounted to RMB39,272 million and RMB21,924 million as of March 31, 2022 and 2023, respectively. The capital expenditures contracted for are analyzed as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 RMB</td>
<td>2023 RMB</td>
<td></td>
</tr>
<tr>
<td>No later than 1 year</td>
<td>25,438</td>
<td>16,826</td>
<td></td>
</tr>
<tr>
<td>Later than 1 year and no later than 5 years</td>
<td>13,781</td>
<td>5,092</td>
<td></td>
</tr>
<tr>
<td>More than 5 years</td>
<td>53</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>39,272</td>
<td>21,924</td>
<td></td>
</tr>
</tbody>
</table>

(b) Investment commitments

The Company was obligated to pay up to RMB12,456 million and RMB11,570 million for business combinations and equity investments under various arrangements as of March 31, 2022 and 2023, respectively. The commitment balance as of March 31, 2022 and 2023 primarily includes the remaining committed capital of certain investment funds.

(c) Other commitments

The Company also has other commitments including commitments for co-location and bandwidth fees, licensed copyrights and marketing expenses. These commitments are analyzed as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 RMB</td>
<td>2023 RMB</td>
<td></td>
</tr>
<tr>
<td>No later than 1 year</td>
<td>37,229</td>
<td>37,210</td>
<td></td>
</tr>
<tr>
<td>Later than 1 year and no later than 5 years</td>
<td>17,347</td>
<td>21,288</td>
<td></td>
</tr>
<tr>
<td>More than 5 years</td>
<td>2,446</td>
<td>3,559</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57,022</td>
<td>62,057</td>
<td></td>
</tr>
</tbody>
</table>
24. Commitments (Continued)

(c) Other commitments (Continued)

As a marketing initiative, the Company entered into a framework agreement with the International Olympic Committee (the “IOC”) and the United States Olympic Committee in January 2017 for a long-term partnership arrangement through 2028. Joining in The Olympic Partner worldwide sponsorship program, the Company has become the official “E-Commerce Services” Partner and “Cloud Services” Partner of the IOC. In addition, the Company has been granted certain marketing rights, benefits and opportunities relating to future Olympic Games and related initiatives, events and activities. The Company committed to provide at least US$815 million worth of cash, cloud infrastructure services and cloud computing services, as well as marketing and media support in connection with various Olympic initiatives, events and activities, including the Olympic Games and the Winter Olympic Games through 2028.

25. Risks and contingencies

(a) The Company is incorporated in the Cayman Islands and considered as a foreign entity under PRC laws. Due to legal restrictions on foreign ownership and investment in, among other areas, value-added telecommunications services, which include the operations of Internet content providers, the Company operates its Internet businesses and other businesses through various contractual arrangements with VIEs that are incorporated and owned by PRC citizens or by PRC entities owned and/or controlled by PRC citizens. The VIEs hold the licenses and approvals that are essential for their business operations in the PRC and the Company has entered into various agreements with the VIEs and their equity holders such that the Company has the right to benefit from their licenses and approvals and generally has control of the VIEs. In the Company’s opinion, the current ownership structure and the contractual arrangements with the VIEs and their equity holders as well as the operations of the VIEs are in substantial compliance with all existing PRC laws, rules and regulations. However, there may be changes and other developments in PRC laws, rules and regulations. Accordingly, the Company gives no assurance that PRC government authorities will not take a view in the future that is contrary to the opinion of the Company. If the current ownership structure of the Company and its contractual arrangements with the VIEs and their equity holders were found to be in violation of any existing or future PRC laws or regulations, the Company’s ability to conduct its business could be impacted and the Company may be required to restructure its ownership structure and operations in the PRC to comply with the changes in the PRC laws which may result in deconsolidation of the VIEs.

(b) The PRC market in which the Company operates poses certain macro-economic and regulatory risks and uncertainties. These uncertainties extend to the ability of the Company to operate or invest in online and mobile commerce or other Internet related businesses, representing the principal services provided by the Company, in the PRC. The information and technology industries are highly regulated. Restrictions are currently in place or are unclear regarding what specific segments of these industries foreign owned enterprises, like the Company, may operate. If new or more extensive restrictions were imposed on the segments in which the Company is permitted to operate, the Company could be required to sell or cease to operate or invest in some or all of its current businesses in the PRC. These uncertainties also extend to the PRC’s regulations relating to anti-monopoly and anti- unfair competition. In December 2020, the State Administration for Market Regulation of the PRC (the “SAMR”) commenced an investigation on the Company pursuant to the PRC Anti-monopoly Law. Following the investigation, in April 2021, the SAMR issued an administrative penalty decision of the anti-monopoly investigation into the Company and imposed a fine of RMB18.2 billion, which was accrued for as of March 31, 2021. The amount has been paid as of March 31, 2022. The SAMR also issued an administrative guidance, instructing the Company to implement a comprehensive rectification program, and to file a self-assessment and compliance report to the SAMR for three consecutive years.

(c) Because of the Company's equity interest in and close association with Ant Group and overlapping user bases, regulatory developments, litigation or proceedings, media and other reports, whether or not true, and other events that affect Ant Group could also negatively affect customers’, regulators’, investors’ and other third parties’ perception of the Company. In April 2021, Ant Group announced that it would apply to set up a financial holding company to ensure its financial-related businesses are fully regulated. To implement the rectification plan and comply with applicable new measures and rules, Ant Group may be required to spend significant time and resources and make changes to its businesses, which could materially and adversely affect its business operations and growth prospects. In July 2023, PRC regulators announced a RMB7.07 billion fine for Ant Group and Ant Group has completed the related work on the rectification. Changes in Ant Group’s business and future prospects, or speculation of such changes, as well as additional regulatory requirements placed on Ant Group, could in turn have a material adverse effect on the Company.
25. Risks and contingencies (Continued)

(d) The Company’s sales, purchase and expense transactions are generally denominated in RMB and a significant portion of the Company’s assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People’s Bank of China (the “PBOC”). Remittances in currencies other than RMB by the Company in the PRC must be processed through the PBOC or other PRC foreign exchange regulatory bodies and require certain supporting documentation in order to effect the remittance. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currencies to satisfy its currency demands, the Company may not be able to pay dividends in foreign currencies and the Company’s ability to fund its business activities that are conducted in foreign currencies could be adversely affected.

(e) In the ordinary course of business, the Company makes strategic investments to increase the service offerings and expand capabilities. The Company continually reviews its investments to determine whether there is a decline in fair value below the carrying value. Fair value of the listed securities is subject to volatility and may be materially affected by market fluctuations.

(f) Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash and cash equivalents, short-term investments, restricted cash and equity securities and other investments. As of March 31, 2022 and 2023, substantially all of the Company’s cash and cash equivalents, restricted cash, short-term investments and other treasury investments were held by major financial institutions located worldwide, including Chinese mainland and Hong Kong S.A.R. If the financial institutions and other issuers of financial instruments held by the Company could become insolvent or if the markets for these instruments could become illiquid as a result of a severe economic downturn, the Company could lose some or all of the value of its investments.

(g) During the years ended March 31, 2021, 2022 and 2023, the Company offered a trade assurance program on the international wholesale marketplaces at no charge to the wholesale buyers and sellers. If the wholesale sellers who participate in this program do not deliver the products in their stated specifications to the wholesale buyers on schedule, the Company may compensate the wholesale buyers for their losses on behalf of the wholesale sellers up to a pre-determined amount following a review of each particular case. In turn, the Company will seek a full reimbursement from the wholesale sellers for the prepaid reimbursement amount, yet the Company is exposed to a risk over the collectability of the reimbursement from the wholesale sellers. During the years ended March 31, 2021, 2022 and 2023, the Company did not incur any material losses with respect to the compensation provided under this program. Given that the maximum compensation for each wholesale seller is pre-determined based on their individual risk assessments by the Company considering their credit profile or other relevant information, the Company determined that the likelihood of material default on the payments are not probable and therefore no provisions have been made in relation to this program.
25. Risks and contingencies (Continued)

(h) In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigations in relation to disputes relating to trademarks and other intellectual property, among others. In 2017, Beijing Jingdong Shiji Trading Co., Ltd. and Beijing Jingdong 360 E-commerce Co., Ltd. sued Tmall China, Zhejiang Tmall Network Co., Ltd. and Alibaba Group Holding Limited for abuse of dominant market position. The plaintiffs requested the three defendants to cease relevant acts and claimed a substantial amount of damages in the original complaint. In March 2021, the plaintiffs amended their claim to seek higher damages. The case is pending in Beijing High People’s Court and the potential damages are not reasonably estimable at the current stage. There are no legal proceedings and litigations that have in the recent past had, or to the Company’s knowledge, are probable to have, a material impact on the Company’s financial positions, results of operations or cash flows. The Company did not accrue any material loss contingencies in this respect as of March 31, 2022 and 2023.

(i) The global outbreak of the COVID-19 pandemic continued to have a significant negative impact on the global economy in the year ended March 31, 2023, which has adversely affected the Company’s business and financial results. From early 2020 to early 2023, the COVID-19 pandemic triggered a series of lock-downs, social distancing requirements and travel restrictions that significantly and negatively affected our various businesses in China, particularly the Company’s China commerce and local consumer services businesses. The Company’s key international commerce businesses also experienced a negative impact. The COVID-19 pandemic also presented challenges to the Company’s business operations as well as the business operations of the Company’s merchants, business partners and other participants in the Company’s ecosystem, such as closure of offices and facilities, disruptions to or even suspensions of normal business and logistics operations, as well as restrictions on travel. Starting in December 2022, China has lifted most of the COVID-19-induced travel restrictions and quarantine requirements. From late December 2022 to early 2023, certain parts of China experienced COVID-19 resurgence, which caused significant disruption to the Company's business operations in these regions. It is not possible to determine the impact of the COVID-19 pandemic on the Company’s business operations and financial results going forward, which is highly dependent on numerous factors, including the frequency, duration and spread of the outbreaks of the COVID-19 pandemic (including any new variant with different characteristics) in China or elsewhere, actions taken by governments, the response of businesses and individuals to the pandemic, the impact of the pandemic on business and economic conditions in China and globally, consumer demand, the Company’s ability and the ability of merchants, retailers, logistics service providers and other participants in the Company’s ecosystem to continue operations in areas affected by the pandemic and the Company’s efforts and expenditures to support merchants and partners and ensure the safety of the Company’s employees. The COVID-19 pandemic may continue to adversely affect the Company’s business and results of operations.

(j) The Russia-Ukraine conflict has resulted in significant disruptions to supply chains, logistics and business activities in the region that has negatively affected our international commerce business and Cainiao’s international logistics business. The conflict has also caused, and continues to intensify, significant geopolitical tensions in Europe and across the globe. The resulting sanctions imposed are expected to have significant impacts on the economic conditions of the countries and markets targeted by such sanctions, and may have unforeseen, unpredictable secondary effects on global energy prices, supply chains and other aspects of the global economy. The conflict may adversely affect our business, financial condition and results of operations.
26. Segment information

The Company presents segment information after elimination of inter-company transactions. In general, revenue, cost of revenue and operating expenses are directly attributable, or are allocated, to each segment. The Company allocates costs and expenses that are not directly attributable to a specific segment, such as those that support infrastructure across different segments, to different segments mainly on the basis of usage, revenue or headcount, depending on the nature of the relevant costs and expenses. The Company does not allocate assets to its segments as the CODM does not evaluate the performance of segments using asset information.

The following tables present the summary of each segment’s revenue, income from operations and adjusted earnings before interest, taxes and amortization (“Adjusted EBITA”) which is considered as a segment operating performance measure, for the years ended March 31, 2021, 2022 and 2023:

<table>
<thead>
<tr>
<th>Year ended March 31, 2021</th>
<th>China commerce (i)</th>
<th>International commerce</th>
<th>Local consumer services (ii)</th>
<th>Cainiao</th>
<th>Cloud</th>
<th>Digital media and entertainment</th>
<th>Innovation initiatives and others</th>
<th>Total segments</th>
<th>Unallocated (ii)</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>501,379</td>
<td>48,851</td>
<td>35,746</td>
<td>37,258</td>
<td>60,558</td>
<td>31,186</td>
<td>2,311</td>
<td>717,289</td>
<td>—</td>
<td>717,289</td>
</tr>
<tr>
<td>Income (Loss) from operations</td>
<td>197,232</td>
<td>(9,361)</td>
<td>(29,197)</td>
<td>(12,479)</td>
<td>(7,802)</td>
<td>(10,321)</td>
<td>(7,302)</td>
<td>124,108</td>
<td>(34,430)</td>
<td>89,678</td>
</tr>
<tr>
<td>Add: Share-based compensation expense</td>
<td>14,505</td>
<td>4,223</td>
<td>4,972</td>
<td>10,205</td>
<td>2,518</td>
<td>10,321</td>
<td>(10,321)</td>
<td>(7,302)</td>
<td>—</td>
<td>(17,523)</td>
</tr>
<tr>
<td>Add: Amortization of intangible assets</td>
<td>1,922</td>
<td>206</td>
<td>7,852</td>
<td>23</td>
<td>83</td>
<td>12,203</td>
<td>224</td>
<td>12,427</td>
<td>—</td>
<td>12,427</td>
</tr>
<tr>
<td>Add: Anti-monopoly Fine</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>18,228</td>
<td>18,228</td>
</tr>
<tr>
<td>Adjusted EBITA (iii)</td>
<td>213,659</td>
<td>(4,932)</td>
<td>(16,373)</td>
<td>(5,285)</td>
<td>(2,518)</td>
<td>(10,321)</td>
<td>(7,302)</td>
<td>105,934</td>
<td>(34,430)</td>
<td>71,504</td>
</tr>
<tr>
<td>Adjusted EBITA margin (iv)</td>
<td>43%</td>
<td>(10)%</td>
<td>(46)%</td>
<td>(2)%</td>
<td>(4)%</td>
<td>(20)%</td>
<td>(225)%</td>
<td>31%</td>
<td>(15)%</td>
<td>(25)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 31, 2022</th>
<th>China commerce (i)</th>
<th>International commerce</th>
<th>Local consumer services (ii)</th>
<th>Cainiao</th>
<th>Cloud</th>
<th>Digital media and entertainment</th>
<th>Innovation initiatives and others</th>
<th>Total segments</th>
<th>Unallocated (ii)</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>591,580</td>
<td>61,078</td>
<td>44,616</td>
<td>46,107</td>
<td>74,568</td>
<td>32,272</td>
<td>2,841</td>
<td>853,062</td>
<td>—</td>
<td>853,062</td>
</tr>
<tr>
<td>Income (Loss) from operations</td>
<td>172,536</td>
<td>(10,655)</td>
<td>(30,802)</td>
<td>(3,920)</td>
<td>(5,167)</td>
<td>(7,019)</td>
<td>(9,424)</td>
<td>105,549</td>
<td>(35,911)</td>
<td>69,638</td>
</tr>
<tr>
<td>Add: Share-based compensation expense</td>
<td>7,078</td>
<td>1,569</td>
<td>2,556</td>
<td>1,396</td>
<td>6,297</td>
<td>1,520</td>
<td>1,839</td>
<td>22,255</td>
<td>1,716</td>
<td>23,971</td>
</tr>
<tr>
<td>Add: Amortization of intangible assets</td>
<td>2,817</td>
<td>95</td>
<td>6,154</td>
<td>1,059</td>
<td>16</td>
<td>809</td>
<td>456</td>
<td>11,406</td>
<td>241</td>
<td>11,647</td>
</tr>
<tr>
<td>Add: Impairment of goodwill</td>
<td>—</td>
<td>(9,991)</td>
<td>(22,092)</td>
<td>(1,465)</td>
<td>1,146</td>
<td>(4,690)</td>
<td>(7,129)</td>
<td>139,210</td>
<td>(8,813)</td>
<td>130,397</td>
</tr>
<tr>
<td>Adjusted EBITA (iii)</td>
<td>182,431</td>
<td>(8,891)</td>
<td>(22,092)</td>
<td>(1,465)</td>
<td>1,146</td>
<td>(4,690)</td>
<td>(7,129)</td>
<td>139,210</td>
<td>(8,813)</td>
<td>130,397</td>
</tr>
<tr>
<td>Adjusted EBITA margin (iv)</td>
<td>31%</td>
<td>(15)%</td>
<td>(50)%</td>
<td>(3)%</td>
<td>2%</td>
<td>(15)%</td>
<td>(25)%</td>
<td>31%</td>
<td>(15)%</td>
<td>(25)%</td>
</tr>
</tbody>
</table>
26. Segment information (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2023</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue (in millions of RMB)</td>
<td>China commerce (i)</td>
<td>International commerce</td>
<td>Local consumer services (i)</td>
<td>Cainiao</td>
<td>Cloud</td>
<td>Digital media and entertainment</td>
<td>Innovation initiatives and others</td>
<td>Total segments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>582,731</td>
<td>69,204</td>
<td>50,112</td>
<td>55,681</td>
<td>77,203</td>
<td>31,482</td>
<td>2,274</td>
<td>868,687</td>
</tr>
<tr>
<td>Income (Loss) from operations</td>
<td></td>
<td>172,191</td>
<td>(8,429)</td>
<td>(23,302)</td>
<td>(3,622)</td>
<td>(5,151)</td>
<td>(4,638)</td>
<td>(9,409)</td>
<td>117,640</td>
</tr>
<tr>
<td>Add: Share-based compensation expense</td>
<td></td>
<td>7,969</td>
<td>2,716</td>
<td>3,672</td>
<td>2,218</td>
<td>6,561</td>
<td>1,756</td>
<td>1,658</td>
<td>26,550</td>
</tr>
<tr>
<td>Add: Amortization and impairment of intangible assets</td>
<td></td>
<td>4,702</td>
<td>93</td>
<td>5,609</td>
<td>1,013</td>
<td>12</td>
<td>1,008</td>
<td>844</td>
<td>13,281</td>
</tr>
<tr>
<td>Add: Impairment of goodwill</td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add: Equity-settled donation expense</td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted EBITA (iii)</td>
<td></td>
<td>184,862</td>
<td>(5,620)</td>
<td>(14,021)</td>
<td>(391)</td>
<td>1,422</td>
<td>(1,874)</td>
<td>(6,907)</td>
<td>157,471</td>
</tr>
<tr>
<td>Adjusted EBITA margin (iv)</td>
<td></td>
<td>32%</td>
<td>(8)%</td>
<td>(28)%</td>
<td>(1)%</td>
<td>2%</td>
<td>(6)%</td>
<td>(304)%</td>
<td>32%</td>
</tr>
</tbody>
</table>

The following table presents the reconciliation from the Adjusted EBITA to the consolidated net income for the years ended March 31, 2021, 2022 and 2023:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td>Total Segments Adjusted EBITA</td>
<td>177,971</td>
<td>139,210</td>
<td>157,471</td>
</tr>
<tr>
<td>Unallocated (ii)</td>
<td>(7,518)</td>
<td>(8,813)</td>
<td>(9,560)</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>(50,120)</td>
<td>(23,971)</td>
<td>(30,831)</td>
</tr>
<tr>
<td>Amortization and impairment of intangible assets</td>
<td>(12,427)</td>
<td>(11,647)</td>
<td>(13,504)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>(25,141)</td>
<td>(2,714)</td>
</tr>
<tr>
<td>Anti-monopoly Fine</td>
<td>(18,228)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Equity-settled donation expense</td>
<td>—</td>
<td>—</td>
<td>(511)</td>
</tr>
<tr>
<td>Consolidated income from operations</td>
<td>89,678</td>
<td>69,638</td>
<td>100,351</td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>72,794</td>
<td>(15,702)</td>
<td>(11,071)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(4,476)</td>
<td>(4,909)</td>
<td>(5,918)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>7,582</td>
<td>10,523</td>
<td>5,823</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(29,228)</td>
<td>(26,815)</td>
<td>(15,549)</td>
</tr>
<tr>
<td>Share of results of equity method investees</td>
<td>6,984</td>
<td>14,344</td>
<td>(8,063)</td>
</tr>
<tr>
<td>Consolidated net income</td>
<td>143,284</td>
<td>47,079</td>
<td>65,573</td>
</tr>
</tbody>
</table>
26. Segment information (Continued)

The following table presents the consolidated depreciation and impairment of property and equipment, and operating lease cost relating to land use rights by segment for the years ended March 31, 2021, 2022 and 2023:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (in millions)</td>
<td>RMB (in millions)</td>
<td>RMB (in millions)</td>
</tr>
<tr>
<td>China commerce (i)</td>
<td>9,790</td>
<td>13,043</td>
<td>10,880</td>
</tr>
<tr>
<td>International commerce</td>
<td>1,180</td>
<td>1,473</td>
<td>1,757</td>
</tr>
<tr>
<td>Local consumer services (i)</td>
<td>1,161</td>
<td>1,237</td>
<td>1,314</td>
</tr>
<tr>
<td>Cainiao</td>
<td>872</td>
<td>992</td>
<td>1,147</td>
</tr>
<tr>
<td>Cloud</td>
<td>11,161</td>
<td>7,613</td>
<td>9,093</td>
</tr>
<tr>
<td>Digital media and entertainment</td>
<td>1,109</td>
<td>956</td>
<td>912</td>
</tr>
<tr>
<td>Innovation initiatives and others and unallocated (ii)</td>
<td>1,116</td>
<td>2,494</td>
<td>2,696</td>
</tr>
<tr>
<td><strong>Consolidated depreciation and impairment of property and equipment, and operating lease cost relating to land use rights</strong></td>
<td><strong>26,389</strong></td>
<td><strong>27,808</strong></td>
<td><strong>27,799</strong></td>
</tr>
</tbody>
</table>

(i) For the year ended March 31, 2023, the Company reclassified the results of Instant Supermarket Delivery business, which was previously reported under the China commerce segment, to the Local consumer services segment in order to conform to the way that we manage and monitor segment performance. Figures for the years ended March 31, 2021 and 2022 were reclassified to conform to this presentation.

(ii) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

(iii) Adjusted EBITA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets and impairment of goodwill, and (iii) Anti-monopoly Fine, as well as equity-settled donation expense, which the Company does not believe are reflective of the Company’s core operating performance during the periods presented.

(iv) Adjusted EBITA margin represents Adjusted EBITA divided by revenue.

Details of the Company’s revenue by segment are set out in Note 5. As substantially all of the Company’s long-lived assets are located in the PRC and substantially all of the Company’s revenue is derived from within the PRC, no geographical information is presented.

As of March 31, 2023, the Company was in the process of implementing a new organizational and governance structure. Following the implementation of the new organizational structure, the segment reporting will be updated to reflect the new reporting structure that will be reviewed by the CODM.
As of March 31, 2023, Alibaba Group Holding Limited (the “company”, “we”, “us” and “our”) had the following series of securities that were outstanding and registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act:

<table>
<thead>
<tr>
<th>Title of each class</th>
<th>Trading symbol</th>
<th>Name of each exchange on which registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares, par value US$0.000003125 per share*</td>
<td>9988</td>
<td>The Stock Exchange of Hong Kong Limited</td>
</tr>
<tr>
<td>American depositary shares, each representing eight (8) ordinary shares</td>
<td>BABA</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>US$2,250 million 3.600% Senior Notes Due 2024</td>
<td>n/a</td>
<td>Hong Kong Stock Exchange</td>
</tr>
<tr>
<td>US$700 million 4.500% Senior Notes Due 2034</td>
<td>n/a</td>
<td>Hong Kong Stock Exchange</td>
</tr>
<tr>
<td>US$700 million 2.800% Senior Notes Due 2023</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$2,550 million 3.400% Senior Notes Due 2027</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,000 million 4.000% Senior Notes Due 2037</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,750 million 4.200% Senior Notes Due 2047</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,000 million 4.400% Senior Notes Due 2057</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,500 million 2.125% Senior Notes Due 2031</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,000 million 2.700% Senior Notes Due 2041</td>
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<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,500 million 3.150% Senior Notes Due 2051</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
<tr>
<td>US$1,000 million 3.250% Senior Notes Due 2061</td>
<td>n/a</td>
<td>Singapore Stock Exchange</td>
</tr>
</tbody>
</table>

* In connection with the listing on the New York Stock Exchange of American depositary shares; for trading only in Hong Kong.


We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our memorandum and articles of association, which we refer to below as our articles, the Companies Act (As Revised) of the Cayman Islands, which we refer to below as the Companies Act, and the common law of the Cayman Islands.

As approved by our shareholders at the annual general meeting held on July 15, 2019, we subdivided each of our issued and unissued ordinary shares into eight (8) ordinary shares, or the share subdivision, effective July 30, 2019.

Following this share subdivision, and as of March 31, 2023, our authorized share capital was US$100,000 consisting of 32,000,000,000 ordinary shares, par value US$0.000003125 per share. As of July 12, 2023, there are 20,374,238,040 ordinary shares issued, fully-paid and outstanding.

Simultaneously with the share subdivision, a change in the ratio of our ADS to ordinary share also became effective. Following the ADS ratio change, each ADS represents eight (8) ordinary shares. Previously, each ADS represented one (1) ordinary share.

The following are summaries of material provisions of our articles and the Companies Act insofar as they relate to the material terms of our ordinary shares. The following summary is not complete, and you should read our articles,
which are filed as exhibit 1.1 to our annual report on Form 20-F (File No. 001-36614) for the fiscal year ended March 31, 2023.

**Registered Office**

Our registered office in the Cayman Islands is located at the offices of Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands. Alibaba Group Holding Limited is an exempted company incorporated under the laws of the Cayman Islands on June 28, 1999.

**Board of Directors**

See “Item 6. Directors, Senior Management and Employees — C. Board Practices, Nomination and Terms of Directors” in our annual report on Form 20-F (File No. 001-36614) for the fiscal year ended March 31, 2023, as well as the relevant information in the documents that are filed with or incorporated by reference into such annual report.

**Ordinary Shares**

**General**

All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when registered in our register of shareholders. Each holder of our ordinary shares shall be entitled to receive a certificate in respect of such ordinary shares only if our board of directors resolve that share certificates be issued. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. We may not issue shares to bearer.

**Dividends**

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

**Voting Rights**

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote.

Voting at any meeting of shareholders is by poll.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of no less than three-fourths of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting (except for certain matters described below which require a higher affirmative vote, in which cases the required majority to pass such a special resolution is 95%, and for certain types of winding up of the company, in which case the required majority to pass such a special resolution is 100%). Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our articles. A special resolution is required for important matters such as a change of name and amendments to our articles. Our shareholders may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating and dividing all or any of our share capital into shares of larger amounts than our existing shares and cancelling any authorized but unissued shares.

Our articles provide that a special resolution is required, and that for the purposes of any such special resolution, the affirmative vote of no less than 95% of votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting is required, in respect of any resolution relating to any of the following matters,
including without limitation any amendments to any provisions of our articles that relate to any of the following matters:

- any increase of our authorized share capital;
- the limitations upon the resolutions which may be proposed by our shareholders who requisition a general meeting of shareholders;
- the right of the Alibaba Partnership to nominate directors to our board as described below under “—Nomination, Election and Removal of Directors;”
- any merger or consolidation that would adversely affect or alter the Alibaba Partnership’s right to nominate persons to serve as directors on our board of directors;
- the procedures regarding the election, appointment and removal of directors or the size of the board; and
- any alteration of the voting rights with respect to the above.

Transfer of Ordinary Shares

Subject to the restrictions contained in our articles, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in any usual or common form or any other form approved by our board of directors, executed by or on behalf of the transferor (and, if in respect of a nil or partly paid up share, or if so required by our directors, by or on behalf of the transferee).

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share that has not been fully paid up or is subject to a company lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of our shares;
- the instrument of transfer is properly stamped, if required;
- the ordinary share transferred is fully paid and free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- the transfer is not to more than four joint holders.

If our directors refuse to register a transfer, they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation

On a winding up of our company, if the assets available for distribution among the holders of our ordinary shares are more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among the holders of our ordinary shares on a pro rata basis in proportion to the par value of the ordinary shares held by them. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by the holders of our ordinary shares in proportion to the par value of the ordinary shares held by them.
The liquidator may, with the sanction of a special resolution of our shareholders and any other sanction required by
the Companies Act, divide amongst the shareholders in species or in kind the whole or any part of the assets of our
company, and may for that purpose value any assets and determine how the division is to be carried out as between
our shareholders or different classes of shareholders.

We are a “limited liability” company registered under the Companies Act, and under the Companies Act, the
liability of our shareholders is limited to the amount, if any, unpaid on the shares respectively held by them. Our
articles contain a declaration that the liability of our shareholders is so limited.

**Calls on Ordinary Shares and Forfeiture of Ordinary Shares**

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their
ordinary shares. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

**Redemption, Repurchase and Surrender of Ordinary Shares**

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders
thereof, on such terms and in such manner as may be determined by our board of directors before the issue of such
shares. Our company may also repurchase any of our shares provided that the manner and terms of such purchase
have been approved by our board of directors or by ordinary resolution of our shareholders (but no repurchase may
be made contrary to the terms or manner recommended by our directors), or as otherwise authorized by our articles.
Under the Companies Act, the redemption or repurchase of any share may be paid out of our company’s profits or
out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital
(including share premium account and capital redemption reserve) if our company can, immediately following such
payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no
such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would
result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our
company may accept the surrender of any fully paid share for no consideration.

**Variations of Rights of Shares**

If at any time, our share capital is divided into different classes of shares, all or any of the rights attached to any
class of shares may, subject to any rights or restrictions for the time being attached to any class, only be materially
adversely varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued
shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the
shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other
rights will not, subject to any rights or restrictions for the time being attached to any class, be deemed to be
materially adversely varied or abrogated by, among other things, the creation, allotment or issue of further shares
ranking equally with or in priority or subsequent to such existing class of shares or the redemption or purchase of
any shares of any class by our company. The rights of the holders of our shares shall not be deemed to be materially
adversely varied or abrogated by the creation or issue of shares with preferred or other rights including, without
limitation, the creation of shares with enhanced or weighted voting rights.

Notwithstanding the foregoing, our board of directors may issue preferred shares, without further action by the
shareholders. See “— Differences in Corporate Law — Directors’ Power to Issue Shares.”

**General Meetings of Shareholders**

Shareholders’ meetings may be convened by a majority of our board of directors or our chairman. As a Cayman
Islands exempted company, we are not obligated by the Companies Act to call shareholders’ annual general
meetings; however, our corporate governance guidelines provide that in each year we will hold an annual general
meeting of shareholders. The annual general meeting shall be held at such time and place as may be determined by
our board of directors.
The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company’s articles of association. Our articles provide that upon the requisition of shareholders holding in aggregate not less than one-third of the voting rights of such of the issued shares of our company that carries the right of voting at general meetings of our company, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, shareholders may propose only ordinary resolutions to be put to a vote at such meeting and have no right to propose resolutions with respect to the election, appointment or removal of directors or with respect to the size of the board. Our articles provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Advance notice of at least 10 days but no more than 60 days is required for the convening of our annual general meeting and any other general meeting of our shareholders. All general meetings of shareholders shall occur at such time and place as determined by our directors and set forth in the notice for such meeting.

A quorum for a general meeting of shareholders consists of any one or more shareholders present in person or by proxy, holding in aggregate not less than one-third of the voting power of our issued shares carrying a right to vote at such general meeting.

Nomination, Election and Removal of Directors

Our articles provide that persons standing for election as directors at a duly constituted general meeting with requisite quorum shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by the shareholders entitled to vote who are present in person or by proxy at the meeting. Our articles further provide that our board of directors is divided into three groups designated as Group I, Group II and Group III with as nearly equal a number of directors in each group as possible. Directors assigned to Group I shall serve their current term of office, which will expire at our 2024 annual general meeting; directors assigned to Group II shall serve their current term of office, which will expire at our 2025 annual general meeting; and directors assigned to Group III shall serve their current term of office, which will expire at our 2023 annual general meeting. The Group I directors currently consist of Joe Tsai, J. Michael Evans, Weijian Shan and Irene Yun-Lien Lee; the Group II directors currently consist of Daniel Zhang, Jerry Yang, Wan Ling Martello and Albert Kong Ping Ng; and the Group III directors currently consist of Maggie Wu and Kabir Misra. Daniel Zhang, Joe Tsai, J. Michael Evans and Maggie Wu are designated Alibaba Partnership nominees; and Jerry Yang, Wan Ling Martello, Weijian Shan, Irene Yun-Lien Lee, Albert Kong Ping Ng and Kabir Misra are deemed nominees of the nominating and corporate governance committee. At each annual general meeting, directors elected to succeed those directors of the group the term of which shall then expire shall be elected for a term of office to expire at the third succeeding annual general meeting after their election. Our articles provide that, unless otherwise determined by shareholders in a general meeting, our board will consist of not less than nine directors, for so long as SoftBank has the right to nominate a director and when SoftBank no longer has such right, not less than seven directors. Our articles further provide that in no event shall our board should be comprised of less than five directors. We have no provisions relating to retirement of directors upon reaching any age limit.

Our articles provide that the Alibaba Partnership has the right to nominate such number of persons who shall stand for election as directors as may be required to ensure that directors nominated or appointed by the Alibaba Partnership shall constitute a simple majority of the total number of directors on our board of directors, with as equal a number of such nominated directors assigned to each group of directors as possible. Our articles further provide that the Alibaba Partnership’s nomination rights are conditioned on the Alibaba Partnership being governed by the partnership agreement as currently in effect, or as may be amended in accordance with its terms from time to time. Any amendment to the provisions relating to the purpose of the partnership, or to the manner in which the Alibaba Partnership exercises its right to nominate a simple majority of our directors, will be subject to the approval of the majority of our directors who are not nominees or appointees of the Alibaba Partnership and are “independent directors” within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange.

A nominating and corporate governance committee of the board of directors has the right to determine the persons who shall stand for election as directors for the remainder of the places available for election to our board of directors, subject to the right of SoftBank to nominate one person to stand for election for so long as SoftBank holds
ordinary shares or ADSs representing at least 15% of our outstanding shares pursuant to the articles. Each of the compensation committee and the nominating and corporate governance committee must consist of at least three directors and the majority of the committee members must be independent within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The audit committee must consist of at least three directors, all of whom must be independent within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act. The director nominated by SoftBank (if any) is entitled to receive notices and materials for all meetings of our committees and upon notice to the relevant committee, to join as an observer in meetings of the audit committee, the compensation committee, the nominating and corporate governance committee and other board committees we may establish.

In the event that the appointment of any person standing for election as a director fails to be approved by a simple majority of votes cast at a duly constituted general meeting, the party that nominated such person to stand for election shall have the power to appoint a different person to the board to serve as an interim director until the next annual general meeting of shareholders after such appointment. Such appointment shall become effective upon the nominating party giving a written notice (duly signed by the general partner of the Alibaba Partnership, or by majority of the members of the nominating and corporate governance committee, or if applicable by an authorized representative of SoftBank, as the case may be) to the company, without the requirement for any further vote or approval by our shareholders or our board. If a director ceases to serve as a member of our board for any reason (including without limitation due to the resignation, death or removal of such director), the party that nominated or appointed such director shall have the right to appoint a person to serve as an interim director until the next annual general meeting of shareholders after such appointment. The board of directors may expand the maximum number of directors on the board, subject to any maximum number determined from time to time by the shareholders at a general meeting.

If at any time the total number of directors on our board of directors nominated or appointed by the Alibaba Partnership is less than a simple majority for any reason, including because a director previously nominated by the Alibaba Partnership ceases to be a member of our board of directors or because the Alibaba Partnership had previously not exercised its right to nominate or appoint a simple majority of our board of directors, the Alibaba Partnership shall be entitled (in its sole discretion) to appoint such number of additional directors to the board as necessary to ensure that the directors nominated or appointed by the Alibaba Partnership comprise a simple majority of our board of directors. The appointment of such additional directors to our board shall become effective upon the delivery by the Alibaba Partnership of a written notice (duly executed by the Alibaba Partnership’s general partner on behalf of the Alibaba Partnership) to our company, without the requirement for any further vote or approval by our shareholders or our board.

A director will be removed from office automatically if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors generally; or (2) dies or is found to be of unsound mind; or (3) resigns his office by notice in writing to our company. In addition, the directors nominated or appointed by the Alibaba Partnership are, so long as the Alibaba Partnership is governed by the partnership agreement as currently in effect and as may be amended in accordance with its terms from time to time, subject to removal, with or without cause, only by the Alibaba Partnership, and the director nominated or appointed by the Alibaba Partnership comprise a simple majority of our board of directors. Except as described in the preceding sentence, so long as the Alibaba Partnership is governed by the partnership agreement as currently in effect or as may be amended in accordance with its terms from time to time, any director may be removed for cause only by a vote of the majority of our board of directors upon the recommendation of the nominating and corporate governance committee. After such time, any director (subject to the above provision relating to removal of the director nominated or appointed by SoftBank (if any) only by SoftBank) may be removed by ordinary resolution, with or without cause.

**Proceedings of Board of Directors**

Our articles provide that our business shall be managed by our board of directors, who may exercise all powers of our company. The quorum necessary for the transaction of business at meetings of our board may be fixed by the board and, unless so fixed at another number, is a majority of the directors.
Our articles provide that our board may exercise all the powers of our company to borrow money and to mortgage or charge all or any part of the undertaking, property and uncalled capital of our company and to issue debentures, debenture stock and other securities of our company, whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party.

**Inspection of Books and Records**

Holders of our ordinary shares have no general right under the Companies Act to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles, special resolutions passed by our shareholders and our register of mortgages and charges).

**Changes in Capital**

Our shareholders may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- 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 diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner permitted by law.

**Restrictive Provisions**

Under our articles, in connection with any distribution, dividend or other payment in respect of our ordinary shares upon a merger, consolidation, change of control, or sale, transfer, lease, exclusive license or other disposition of all or substantially all of the assets of our company, such distribution, dividend or payment shall be made ratably on a per share basis to our ordinary shares. In addition, our articles provide that the Alibaba Partnership may not transfer or otherwise delegate or give a proxy to any third party with respect to its right to nominate directors and that the consent of the independent members of our board of directors who are not nominees of the Alibaba Partnership shall be needed for any amendment of the partnership agreement relating to the purpose of the partnership or the manner in which the partnership exercises its rights to nominate or appoint a majority of our board of directors.

**Exempted Company**

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company’s register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
• an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);

• an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;

• an exempted company may register as a limited duration company; and

• an exempted company may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

We are subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in our annual report on Form 20-F (File No. 001-36614) for the fiscal year ended March 31, 2023 and the documents incorporated by reference therein, we currently intend to comply with the New York Stock Exchange rules in lieu of following home country practice. The New York Stock Exchange rules require that every company listed on the New York Stock Exchange hold an annual general meeting of shareholders. In addition, our articles allow directors to call an extraordinary general meeting of shareholders pursuant to the procedures set forth therein.

Register of Members

Under the Companies Act, we must keep a register of members and there should be entered therein:

• the names and addresses of our members, together with a statement of the shares held by each member, which statement shall (i) distinguish each share by its number (so long as the share has a number) (i) confirm the amount paid or agreed to be considered as paid, on the shares of each member, (ii) confirm the number and category of shares held by each member and (iii) confirm whether each relevant category of shares held by a member carries voting rights under the articles of association, and if so, whether such voting rights are conditional;

• the date on which the name of any person was entered on the register as a member; and

• the date on which any person ceased to be a member.

Under the Companies Act, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members raises a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of the Companies Act to have legal title to the shares as set against its name in the register of members. The register of members is updated to record and give effect to any issuance of shares by us to the Depositary (or its nominee) as the depositary. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England and Wales but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England and Wales. In addition, the Companies Act differs from
laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the comparable laws applicable to companies incorporated in the State of Delaware in the United States.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The plan must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

Our articles provide that, in addition to the requirements described in the preceding paragraph, if the rights of the Alibaba Partnership as described under “— Nomination, Election and Removal of Directors” are adversely impacted by the merger, the affirmative vote of at least 95% of our shareholders voting at a general meeting of our shareholders is required.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a parent company means a company that holds issued shares that together represent at least ninety per cent of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest of a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Except in certain limited circumstances, a dissenting shareholder of a Cayman Islands constituent company is entitled to payment of the fair value of his or her shares upon dissenting from a merger or consolidation. The exercise of such dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, except for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, or (b) a majority in number representing 75% in value of the creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
• the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a takeover offer. When a takeover offer is made and accepted by holders of 90% of the shares affected within four months the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved, or if a takeover offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits

In principle, we normally are the proper plaintiff to sue for a wrong done to us as a company and as a general rule, a derivative action may not be brought by a minority shareholder. However, based on English law authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge:

• an act which is illegal or ultra vires with respect to the company and is therefore incapable of ratification by the shareholders;

• an act which, although not ultra vires, requires authorization by a qualified (or special) majority (that is, more than a simple majority) which has not been obtained; and

• an act which constitutes a “fraud on the minority” where the wrongdoers are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability

The Companies Act does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our articles provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person’s dishonesty, willful default or fraud, in or about the conduct of our company’s business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our articles.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the Securities and Exchange Commission, or the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.
Anti-Takeover Provisions in Our Articles

Some provisions of our articles may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that provide that any merger to which we are a party requires an affirmative vote of 95% of our shareholders voting at a meeting of our shareholders in the event such merger would adversely affect the Alibaba Partnership’s rights to nominate or appoint persons to serve as directors on our board, limitations on shareholder rights to nominate or remove directors, as well as provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

Under the Companies Act, our directors may only exercise the rights and powers granted to them under our articles, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company and for a proper purpose.

Directors’ Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore he owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company’s articles of association. Our articles allow our shareholders holding in aggregate not less
than one-third of the voting rights of such of our issued shares as carry the right to vote at general meetings of our company to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. However, our shareholders may propose only ordinary resolutions to be put to a vote at such meetings and have no right to propose resolutions with respect to the election, appointment or removal of directors. Our articles provide no other right to put any proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obligated by law to call shareholders’ annual general meetings. However, our corporate governance guidelines require us to call such meetings every year.

**Cumulative Voting**

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation’s certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder’s voting power with respect to electing such director. As permitted under the Companies Act, our articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors**

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our articles, other than SoftBank’s right to remove the director nominated by it (if any), our shareholders generally do not have the right to remove directors. Directors will be removed from office automatically if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors generally; or (2) dies or is found to be of unsound mind; or (3) resigns his office by notice in writing to our company. In addition, the directors nominated or appointed by the Alibaba Partnership are, so long as the Alibaba Partnership is governed by the partnership agreement as currently in effect or as may be amended in accordance with its terms from time to time, subject to removal, with or without cause, only by the Alibaba Partnership and the director nominated or appointed by SoftBank (if any) will, for so long as SoftBank together with its affiliates holds ordinary shares or ADSs representing at least 15% of our outstanding ordinary shares, be subject to removal, with or without cause, only by SoftBank. Except as described in the preceding sentence, so long as the Alibaba Partnership is governed by the partnership agreement as currently in effect or as may be amended in accordance with its terms from time to time, any director may be removed for cause only by a vote of the majority of the board of directors upon the recommendation of the nominating and corporate governance committee. After such time, (subject to the above provision relating to removal of the director nominated or appointed by SoftBank (if any) only by SoftBank) any director may be removed by ordinary resolution, with or without cause.

**Transactions with Interested Shareholders**

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.
The Companies Act has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although the Companies Act does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

**Dissolution; Winding Up**

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors.

Under our articles, our company may be wound up only (a) if the winding up is initiated by our board of directors, by a special resolution of our members, or (b) if our company is unable to pay its debts as they fall due, by an ordinary resolution of our members, or (c) in any other case, by a special resolution of our members, and for the purposes of any such special resolution, the requisite majority shall be 100% of the votes cast at a general meeting of our shareholders. In addition, a company may be wound up by an order of the courts of the Cayman Islands. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

**Variation of Rights of Shares**

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under the Companies Act and our articles, if our share capital is divided into more than one class of shares, we may materially adversely vary or abrogate the rights attached to any class only with the consent in writing of the holders of not less than three-fourths 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.

**Amendment of Governing Documents**

Under the Delaware General Corporation Law, a corporation’s certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Act and our articles, our articles may only be amended by special resolution of our shareholders, and in the case of amendments of certain provisions (as described in “— Ordinary Shares — Voting Rights” above), such special resolution shall require the affirmative vote of at least 95% of the votes cast by shareholders at a general meeting of the shareholders.

**Rights of Non-Resident or Foreign Shareholders**

There are no limitations imposed by our articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our articles governing the ownership threshold above which shareholder ownership must be disclosed.

**Directors’ Power to Issue Shares**

Under our articles, our board of directors is empowered to issue or allot shares or grant options, restricted shares, RSUs, share appreciation rights, dividend equivalent rights, warrants and analogous equity-based rights with or without preferred, deferred, qualified or other special rights or restrictions. In particular, pursuant to our articles, our board of directors has the authority, without further action by the shareholders, to issue all or any part of our capital and to fix the designations, powers, preferences, privileges, and relative participating, optional or special rights and
the qualifications, limitations or restrictions therefrom, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of our ordinary shares. Our board of directors, without shareholder approval, may issue preferred shares with voting, conversion or other rights that could adversely affect the voting power and other rights of holders of our ordinary shares. Subject to the directors’ duty of acting in the best interest of our company, preferred shares can be issued quickly with terms calculated to delay or prevent a change in control of us or make removal of management more difficult. Additionally, the issuance of preferred shares may have the effect of decreasing the market price of the ordinary shares, and may adversely affect the voting and other rights of the holders of ordinary shares.


None.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Citibank, N.A., acts as the depositary for the ADSs. Each ADS represents an ownership interest in eight (8) ordinary shares deposited with Citibank, N.A.-Hong Kong branch, as custodian for the depositary. Each ADS also represents an ownership interest in any other securities, cash or other property which may be held by the depositary. The depositary’s office is located at 388 Greenwich Street, New York, New York 10013.

We do not treat ADS holders as our shareholders and accordingly, ADS holders do not have shareholders’ rights. Cayman Islands law governs shareholders’ rights in our company. The depositary is the holder of the ordinary shares underlying the ADSs. Holders of ADSs have ADS holder’s rights. A deposit agreement among us, the depositary and the holders and beneficial owners of ADSs sets out ADS holders’ rights as well as the rights and obligations of the depositary. The laws of the State of New York govern the deposit agreement and the ADSs.

The Direct Registration System, or DRS, enables the registration of the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt. You can read a copy of the deposit agreement which is filed as exhibit 2.2 to our annual report on Form 20-F (File No. 001-36614) for the fiscal year ended March 31, 2023. You may also obtain a copy of the deposit agreement at the SEC’s Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the deposit agreement on the SEC’s website at http://www.sec.gov.

Holding the ADSs

How may you hold your ADSs?

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by holding uncertificated ADSs in the Direct Registration System (“DRS”) on the books of the depositary, or (2) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Dividends and Other Distributions

How will you receive dividends and other distributions on the ordinary shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these
distributions in proportion to the number of ordinary shares your ADSs represent as of the record date (which will be
as close as practicable to the record date for the ordinary shares) set by the depositary with respect to the ADSs.

- **Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the ordinary
  shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into
  U.S. dollars if it may do so on a practicable basis, and may transfer the U.S. dollars to the United States. If
  that is not possible or lawful or if any government approval is needed and cannot be obtained, the deposit
  agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is
  possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who
  have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

  Before making a distribution, any taxes or other governmental charges, together with fees and expenses of
  the depositary that must be paid will be deducted. The depositary will distribute only whole U.S. dollars
  and cents and will round fractional cents down to the nearest whole cent. If the exchange rates fluctuate
during a time when the depositary cannot convert the foreign currency, you may lose some or all of the
  value of the distribution.

- **Shares.** The depositary will distribute additional ADSs representing any ordinary shares we distribute as a
  dividend or free distribution to the extent reasonably practicable and permissible under applicable law. The
  depositary will only distribute whole ADSs. It will try to sell ordinary shares which would require it to
deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the
  depositary does not distribute additional ADSs, the outstanding ADSs will (to the extent permitted by
  applicable law) represent the new ordinary shares. The depositary may sell a portion of the distributed
  ordinary shares sufficient to pay its fees and expenses in connection with that distribution.

- **Elective distributions in cash or shares.** If we offer holders of the ordinary shares the option to receive
  dividends in either cash or shares, the depositary, after consultation with us and having received timely
  notice of such elective distribution by us, will determine whether it is lawful and practicable to make such
  elective distribution available to you as a holder of the ADSs. We must first instruct the depositary to make
  such elective distribution available to you and furnish it with satisfactory evidence that it is legal to do so.
  If the depositary determines that it is not lawful or practicable to make the elective distribution available to
  ADS holders, then the depositary shall, on the basis of the same determination as is made in respect of the
  ordinary shares for which no election is made, distribute either cash in the same way as it does in a cash
  distribution, or additional ADSs representing ordinary shares in the same way as it does in a share
  distribution. The depositary is not obligated to make available to you a method to receive the elective
  dividend in shares rather than in ADSs. There can be no assurance that you will be given the opportunity to
  receive elective distributions on the same terms and conditions as the holders of ordinary shares.

- **Rights to purchase additional shares.** If we offer holders of the ordinary shares any rights to subscribe for
  additional shares, the depositary may, after consultation with us and having received timely notice of such
  distribution by us, make these rights available to you. We must first instruct the depositary to make such
  rights available to you and furnish the depositary with satisfactory evidence that it is legal to do so. If the
  depositary decides it is not legal and practicable to make the rights available but that it is practical to sell
  the rights, the depositary will use reasonable efforts to sell the rights and distribute the net proceeds in the
  same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In
  that case, you will receive no value for them.

  If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your
  behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if
  you pay it the exercise price and any other charges the rights or the deposit agreement requires you to pay.

- **Other distributions.** Subject to receipt of timely notice from us with the request to make any such
  distribution available to you, and provided the depositary has determined such distribution is lawful and
  practicable and in accordance with the terms of the deposit agreement, the depositary will send to you
  anything else we distribute on deposited securities by any means it thinks is legal and practicable. If it
cannot make the distribution in that way, the depositary has a choice: it may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash; or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impracticable to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act in order to make a distribution to ADS holders. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impracticable for us or for the depositary to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian and if we have not objected to the deposit of such ordinary shares. In such case, the depositary will issue and deliver the corresponding number of ADSs in the name(s) you request upon receipt of (i) payment of its fees and expenses, (ii) any applicable taxes or charges, such as stamp taxes or stock transfer taxes and fees, and (iii) if the ordinary shares are being deposited via CCASS in Hong Kong, a certification, inter alia, that (a) the depositing person is not the company or an affiliate of the company, or acting on behalf of the company or one of its affiliates, (b) the deposited ordinary shares are not “restricted securities” (as that term is defined in the deposit agreement), and (c) the deposited shares were acquired in either (A) an open market transaction on, or in a “direct business” transaction between a broker and its client, reported to, the Hong Kong Stock Exchange, (B) a transaction registered with the SEC under the U.S. Securities Act of 1933, as amended, or (C) a transaction exempt from registration with the SEC (and the applicable restricted period or distribution compliance period has elapsed). A copy of the form of certification is available from the depositary.

How do ADS holders cancel an ADS?

You may request cancellation of your ADSs by surrendering your ADSs to the depositary or by providing appropriate instructions to your broker. Upon receipt of payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for ADRs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary to vote the deposited securities underlying your ADSs. Otherwise, you may not be able to exercise your right to vote unless you withdraw the ordinary shares your ADSs represent. However, you may not know about the meeting sufficiently in advance to withdraw the ordinary shares.
If we ask for your instructions, upon timely notice from us, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs as you direct, including an express indication that such instruction may be given or deemed given to the depositary to give a discretionary proxy to a person designated by us in accordance with the next paragraph if no instruction is received. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our constitutive documents, to vote or to have its agents vote the ordinary shares or other deposited securities in accordance with the voting instructions received from the holders of ADSs (including deemed instructions to give a discretionary proxy to a person designated by us in accordance with the next paragraph). The depositary will only vote or attempt to vote as you instruct.

If we timely requested the depositary to solicit your instructions but no instructions are received by the depositary from an owner with respect to any of the deposited securities represented by the ADSs of that holder on or before the date established by the depositary for such purpose, the depositary shall deem that holder to have instructed the depositary to give a discretionary proxy to a person designated by us with respect to such deposited securities, and the depositary shall give a discretionary proxy to a person designated by us to vote such deposited securities. However, no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter if we inform the depositary we do not wish such proxy given, if substantial opposition exists or if the rights of holders of deposited securities may be materially adversely affected.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will try to give the depositary notice of any such meeting and details concerning the matters to be voted upon sufficiently in advance of the meeting date.

**Fees and Expenses**

As an ADS holder, you are required to pay the following fees under the terms of the deposit agreement:

<table>
<thead>
<tr>
<th>Service</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of ADSs upon deposit of ordinary shares (excluding issuances as a result of distributions of ordinary shares)</td>
<td>Up to US$0.05 per ADS issued</td>
</tr>
<tr>
<td>Cancellation of ADSs</td>
<td>Up to US$0.05 per ADS canceled</td>
</tr>
<tr>
<td>Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements)</td>
<td>Up to US$0.05 per ADS held</td>
</tr>
<tr>
<td>Distribution of ADSs pursuant to (i) share dividends or other free share distributions, or (ii) exercise of rights to purchase additional ADSs</td>
<td>Up to US$0.05 per ADS held</td>
</tr>
<tr>
<td>Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares)</td>
<td>Up to US$0.05 per ADS held</td>
</tr>
</tbody>
</table>
As an ADS holder you are also responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares or other deposited securities on the share register and applicable to transfers of ordinary shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depositary in the conversion of foreign currency;
- the fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs;
- cable, telex and facsimile transmission and delivery expenses as expressly provided in the Deposit Agreement; and
- the fees and expenses incurred by the depositary, the custodian, or any nominee in connection with the servicing or delivery of deposited property.

ADS fees and charges payable upon (i) deposit of ordinary shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of ordinary shares are charged to the person to whom the ADSs are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation (in the case of ADS cancellations). In the case of ADSs issued by the depositary into The Depository Trust Company, or DTC, or presented to the depositary via DTC, the ADS issuance and cancellation fees and charges are charged to the DTC participant(s) receiving the ADSs or the DTC participant(s) surrendering the ADSs for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee are charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

**Payment of Taxes**
You are responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any net proceeds, or send to you any property, remaining after it has paid the taxes. You agree to indemnify us, the depositary, the custodian and each of our and their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for you.

Reclassifications, Recapitalizations and Mergers

If we:

- Change the nominal or par value of the ordinary shares
- Reclassify, split up or consolidate any of the deposited securities
- Distribute securities on the ordinary shares that are not distributed to you or recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action

Then:

- The shares received by the depositary will become deposited securities.
- Each ADS will to the extent not prohibited by law represent its equal share of the new deposited securities.
- The depositary may to the extent not prohibited by law distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the form of ADR without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, including expenses incurred in connection with foreign exchange control regulations and other charges specifically payable by ADS holders under the deposit agreement, or materially prejudices a substantial existing right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. Any amendments to ensure compliance with applicable laws, rules or regulations may become effective before the expiration of the 30-day notice period. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement if we ask it to do so, in which case the depositary will give notice to you at least 30 days prior to termination. The depositary may also terminate the deposit agreement if we have informed the depositary of its removal or the depositary has told us that it would like to resign and we have not appointed a new depositary within 90 days. In such case, the depositary must notify you at least 30 days before termination.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver ordinary shares and other deposited securities upon cancellation of ADSs after payment of any fees, charges, taxes or other governmental charges. After termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the
deposit agreement, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary’s only obligations will be to account for the money and other cash. After termination, our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

**Books of Depositary**

The depositary maintains ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary maintains facilities in New York to record and process the issuance, cancellation, combination, split-up and transfer of ADRs.

These facilities may be closed from time to time, to the extent not prohibited by law or if any such action is deemed necessary or advisable by the depositary or us, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the ADRs or ADSs are listed, or under any provision of the deposit agreement or provisions of, or governing, the deposited securities, or any meeting of our shareholders or for any other reason.

**Limitations on Obligations and Liability**

**Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs**

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed from performing our obligations under the deposit agreement by reason of, including, without limitation, requirements of any present or future law, regulation, governmental or regulatory authority or share exchange of any applicable jurisdiction, any present or future provisions of our memorandum and articles of association, on account of possible civil or criminal penalties or restraint, any provisions of or governing the deposited securities or any act of God, war or other circumstances beyond our control as set forth in the deposit agreement;
- are not liable if either of us exercises, or fails to exercise, discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party;
- disclaim any liability for any action/inaction in reliance on the advice or information of legal counsel, accountants, any person presenting ordinary shares for deposit, holders and beneficial owners (or authorized representatives) of ADSs, or any person believed in good faith to be competent to give such advice or information; and
• disclaim any liability for inability of any holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities but not made available to holders of ADSs.

The depositary and any of its agents also disclaim any liability for any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities, the credit-worthiness of any third party, for any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities or for any information provided (or not provided) by DTC or DTC participants.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will issue, deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depositary may require:

• payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities and payment of the applicable fees, expenses and charges of the depositary;

• satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

• compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to issue and deliver ADSs or register transfers of ADSs generally when the register of the depositary or our transfer books are closed or at any time if the depositary or we think it is necessary or advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

You have the right to cancel your ADSs and withdraw the underlying ordinary shares at any time except:

• when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders’ meeting; or (3) we are paying a dividend on the ordinary shares;

• when you owe money to pay fees, taxes and similar charges; or

• when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-Release of ADSs

The depositary has informed us that, notwithstanding the terms of the deposit agreement, the depositary does not presently engage in pre-release transactions and has no intent to enter into pre-release transactions in the future.

Direct Registration System
The Profile Modification System, or Profile, is a system administered by DTC and applies to uncertificated ADSs. DRS enables the registration of the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto. Profile allows a DTC participant, claiming to act on behalf of an ADS holder, to direct the depositary to register a transfer of those uncertificated ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register such transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary does not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the New York Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary’s reliance on, and compliance with, instructions received by the depositary through the DRS/Profile and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depositary.

Conversion between Ordinary Shares Trading in Hong Kong and ADSs (Items 12.D.1 and 12.D.4 of Form 20-F)

In connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong share register, which is maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, is maintained by our Principal Share Registrar.

All of our ordinary shares offered in our Hong Kong public offering are registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Shares registered on the Hong Kong share register are able to convert these ordinary shares into ADSs, and vice versa. In connection with the Hong Kong public offering, and to facilitate fungibility and conversion between ADSs and ordinary shares and trading between the NYSE and the Hong Kong Stock Exchange, we moved a portion of our issued ordinary shares that are represented by ADSs from our Cayman share register to our Hong Kong share register.

We applied to the Hong Kong Stock Exchange for the addition of a Renminbi (“RMB”) counter with the intention to support the introduction of the Hong Kong Dollar (“HKD”) – RMB Dual Counter Model (“Dual Counter Model”). The Dual Counter Model went effective on June 19, 2023. However, the Dual Counter Model will not be applicable to ADSs, as we have directed the Depositary to (i) accept the deposit of ordinary shares only in the HKD line in the CCASS for the issuance of any ADSs, and (ii) release from deposit ordinary shares only in the HKD line in CCASS upon the corresponding cancellation of any ADSs.

Our ADSs

Our ADSs are traded on the NYSE. Dealings in our ADSs on the NYSE are conducted in U.S. Dollars. ADSs may be held either:

- directly, by having a certificated ADS, or an ADR, registered in the holder’s name, or by holding in the DRS (defined above), pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto; or

- indirectly, through the holder’s broker or other financial institution.

The depositary for our ADSs is Citibank, N.A., whose office is located at 388 Greenwich Street, New York, New York 10013, United States. The depositary’s custodian in Hong Kong is Citibank, N.A. – Hong Kong branch, whose office is located at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.
Converting Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the ordinary shares in HKD (as described above) with the depositary’s Hong Kong custodian, Citibank, N.A. – Hong Kong branch, or the custodian, in exchange for ADSs.

A deposit of ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If ordinary shares have been deposited with CCASS in HKD (as described above), the investor must transfer ordinary shares to the depositary’s account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed conversion form to the depositary via his or her broker.

- If ordinary shares are held outside CCASS, the investor must arrange to deposit his or her ordinary shares into CCASS in HKD (as described above) for delivery to the depositary’s account with the custodian within CCASS, submit and deliver a request for conversion form to the custodian and after duly completing and signing such conversion form, deliver such conversion form to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated by an investor or his or her broker.

- The investor (or one of its agents) must deliver a certification to the depositary that (i) the shareholder is not the company or an affiliate of the company, or acting on behalf of the company or one of its affiliates, (ii) the deposited shares are not “restricted securities” (as defined in the deposit agreement), and (iii) the deposited shares were acquired in either (a) an open market transaction executed on, or in a “direct business” transaction between a broker and its client reported to, the Hong Kong Stock Exchange, (b) a transaction registered with the SEC under the U.S. Securities Act of 1933, as amended, or (c) a transaction exempt from registration with the SEC (and the applicable restricted period or distribution compliance period has elapsed).

For ordinary shares deposited in CCASS in HKD (as described above), under normal circumstances, the above steps generally require two business days. For ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Converting ADSs to Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his/her ADSs into Shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Shares from our ADS program in HKD (as described above) and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker’s procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying ordinary shares from Citibank’s account on the CCASS system in HKD (as described above) to the investor’s Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver ordinary shares underlying the canceled ADSs to the CCASS in HKD (as described above) account designated by an investor.

If an investor prefers to receive ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS in HKD (as described above) first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register ordinary shares in their own names with the Hong Kong Share Registrar.

For ordinary shares to be received in CCASS in HKD (as described above), under normal circumstances, the above steps generally require two business days. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system.

We are not under any obligation to maintain or increase the number of ordinary shares on the Hong Kong share register to facilitate such withdrawals.

**Depositary Requirements**

Before the depositary issues ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the Deposit Agreement, including presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong Share Registrar are closed or at any time if the depositary or we determine it advisable to do so or it would violate any applicable law or the depositary’s policies or procedures.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK$2.50 to HK$20.00, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

In addition, holders of Shares and ADSs must pay US$5.00 (or less) per 100 ADSs for each issuance of ADSs and for each cancelation of ADSs, as the case may be, in connection with the deposit of Shares into, or withdrawal of ordinary shares from, our ADS program.

**Description of Debt Securities (Items 12.A of Form 20-F)**

In November 2014, we issued unsecured senior notes, including floating rate and fixed rate notes, with varying maturities for an aggregate principal amount of US$8.0 billion (the “2014 Senior Notes”), of which US$1.3 billion was repaid in November 2017, US$2.25 billion was repaid in November 2019 and US$1.5 billion was repaid in November 2021. The 2014 Senior Notes are senior unsecured obligations that are listed on The Hong Kong Stock
Exchange, and interest is payable in arrears, quarterly for the floating rate notes and semiannually for the fixed-rate notes. Each of the 2014 Senior Notes were issued under an indenture, dated as of November 28, 2014, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2014 Indenture”). The 2014 Senior Notes were issued in a private placement transaction that was not subject to the registration requirements of the Securities Act.

In October 2015, we commenced an exchange offer to exchange (i) up to US$300 million aggregate principal amount of our floating rate notes due 2017, (ii) up to US$1,000 million aggregate principal amount of our 1.625% notes due 2017, (iii) up to US$2,250 million aggregate principal amount of our 2.500% notes due 2017, (iv) up to US$1,500 million aggregate principal amount of our 3.125% notes due 2019, (v) up to US$2,250 million aggregate principal amount of our 3.600% notes due 2024 and (vi) up to US$700 million aggregate principal amount of our 4.500% notes due 2034, which are registered under the Securities Act, for equal principal amounts of corresponding tranches of the 2014 Senior Notes, including our outstanding floating rate notes due 2017, 1.625% notes due 2017, 2.500% notes due 2019, 3.125% notes due 2019, 3.600% notes due 2024 and 4.500% notes due 2034. The exchange offer expired in November 2015. As of December 3, 2015, holders of the following tranches of 2014 Senior Notes had tendered their outstanding notes for exchange: (i) US$285,200,000, or 95.1%, of outstanding floating rate notes due 2017, (ii) US$996,658,000, or 99.7%, of outstanding notes due 2017, (iii) US$2,217,290,000, or 98.5%, of outstanding notes due 2019, (iv) US$1,473,138,000, or 98.2%, of outstanding notes due 2021, (v) US$2,233,431,000, or 99.3%, of outstanding notes due 2024 and (vi) US$697,670,000, or 99.7%, of outstanding notes due 2034.

In December 2017, we issued an additional aggregate of US$7.0 billion unsecured senior notes (the “2017 Senior Notes”), of which US$700 million was repaid in June 2023. The 2017 Senior Notes are senior unsecured obligations that are listed on the Singapore Stock Exchange, and interest is payable in arrears semiannually. Each of the 2017 Senior Notes were issued under an indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2017 Indenture,” together with the 2014 Indenture, the “Indentures”).

In February 2021, we issued an aggregate of US$5.0 billion unsecured senior notes (the “2021 Senior Notes”). The issuance of the 2021 Senior Notes included US$1.0 billion unsecured senior notes due 2041 (the “Sustainability Notes” or the “2.700% Notes”). The 2021 Senior Notes are senior unsecured obligations that are listed on Singapore Stock Exchange, and interest is payable in arrears semiannually. Each of the 2021 Senior Notes were issued under the 2017 Indenture, as supplemented and amended by the supplemental indentures.

The 2014 Senior Notes, the 2017 Senior Notes and the 2021 Senior Notes (collectively the “Notes”) contain covenants including, among others, limitation on liens, consolidation, merger and sale of our assets, see “— 9. General Terms Applicable to Each Series of Notes — Particular Covenants of Us.” As of March 31, 2023, we are in compliance with all these covenants. In addition, the Notes rank senior in right of payment to all of our existing and future indebtedness expressly subordinated in right of payment to the notes and rank at least equally in right of payment with all of our existing and future unsecured unsubordinated indebtedness (subject to any priority rights pursuant to applicable law).

The proceeds from the issuance of the 2014 Senior Notes were used in full to refinance a previous syndicated loan in the same amount. The proceeds from the issuance of the 2017 Senior Notes were used for general corporate purposes. The proceeds from the issuance of the 2021 Senior Notes (excluding the Sustainability Notes) were used for general corporate purposes. The proceeds from the issuance of the Sustainability Notes were used to finance or refinance, in whole or in part, one or more of our new or existing eligible projects pursuant to our sustainable finance framework. Our sustainable finance framework is available on our website at www.alibaba.com/en/ir/esg and has received a “second party opinion” by an independent consultant. Examples of eligible projects include those in the sectors of green buildings, energy efficiency, COVID-19 crisis response, renewable energy and circular economy and design.

The following table sets forth the dates of the registration statements, dates of the base prospectuses and date of issuance for each relevant series of the Notes that was outstanding as of March 31, 2023.

<table>
<thead>
<tr>
<th>Notes</th>
<th>Registration Statement</th>
<th>Date of Base Prospectus</th>
<th>Date of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Issue Amount</td>
<td>Coupon Rate</td>
<td>Maturity</td>
<td>Form Number</td>
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<tr>
<td>US$2,250 million</td>
<td>3.600% Senior Notes Due 2024</td>
<td>Form F-4 (file number 333-206575)</td>
<td>October 27, 2015</td>
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<tr>
<td>US$700 million</td>
<td>4.500% Senior Notes Due 2034</td>
<td>Form F-4 (file number 333-206575)</td>
<td>October 27, 2015</td>
</tr>
<tr>
<td>US$700 million</td>
<td>2.800% Senior Notes Due 2023</td>
<td>Form F-3 (file number 333-221742)</td>
<td>November 24, 2017</td>
</tr>
<tr>
<td>US$2,550 million</td>
<td>3.400% Senior Notes Due 2027</td>
<td>Form F-3 (file number 333-221742)</td>
<td>November 24, 2017</td>
</tr>
<tr>
<td>US$1,000 million</td>
<td>4.000% Senior Notes Due 2037</td>
<td>Form F-3 (file number 333-221742)</td>
<td>November 24, 2017</td>
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<tr>
<td>US$1,750 million</td>
<td>4.200% Senior Notes Due 2047</td>
<td>Form F-3 (file number 333-221742)</td>
<td>November 24, 2017</td>
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<tr>
<td>US$1,000 million</td>
<td>4.400% Senior Notes Due 2057</td>
<td>Form F-3 (file number 333-221742)</td>
<td>November 24, 2017</td>
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<td>US$1,500 million</td>
<td>2.125% Senior Notes Due 2031</td>
<td>Form F-3 (file number 333-252669)</td>
<td>February 2, 2021</td>
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<td>US$1,000 million</td>
<td>2.700% Senior Notes Due 2041</td>
<td>Form F-3 (file number 333-252669)</td>
<td>February 2, 2021</td>
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<td>US$1,500 million</td>
<td>3.150% Senior Notes Due 2051</td>
<td>Form F-3 (file number 333-252669)</td>
<td>February 2, 2021</td>
</tr>
<tr>
<td>US$1,000 million</td>
<td>3.250% Senior Notes Due 2061</td>
<td>Form F-3 (file number 333-252669)</td>
<td>February 2, 2021</td>
</tr>
</tbody>
</table>

* Date of original issuance in a private placement transaction that was not subject to the registration requirements of the Securities Act; certain principal amounts of different tranches of notes registered under the Securities Act were subsequently exchanged for equal principal amounts of corresponding tranches of the 2014 Senior Notes.

The following description of our Notes is a summary and does not purport to be complete and is qualified in its entirety by the full terms of each of the Notes. For a complete description of the terms and provisions of the Notes, refer to the Indentures and the relevant supplemental indentures filed with the SEC. The 2014 Indenture has been filed as Exhibit 2.6 to our annual report on Form 20-F (No. 001-36614) filed on June 25, 2015. The 2017 Indenture has been filed as Exhibit 2.15 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018. Please note that the descriptions in the following Items 1 to 11 should be read in conjunction with Item 12, which describes the terms applicable to each series of Notes.

1. Description of the US$2,250 million 3.600% Senior Notes Due 2024

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of November 28, 2014, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2014 Indenture”) and the 3.600% Notes due 2024 (the “3.600% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 3.600% Notes, please refer to the 2014 Indenture and the form of the 3.600% Notes filed as Exhibits 2.6 and 2.11 to our annual report on Form 20-F (No. 001-36614) filed on June 25, 2015.

General

The 3.600% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 3.600% Notes were issued as separate series of debt securities in registered form.
under the 2014 Indenture, dated as November 28, 2014, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 3.600% Notes.

The 3.600% Notes are initially limited to US$2,250,000,000 in aggregate principal amount and were issued at a price of 99.817% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 3.600% Notes. We may from time to time, without the consent of the holders of the 3.600% Notes, issue additional notes having the same terms and conditions as the initial 3.600% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2014 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not have the same CUSIP, ISIN or other identifying number as the initial notes.

The 3.600% Notes do not have the benefit of any sinking fund.

**Maturity and Interest**

The entire outstanding principal of the 3.600% Notes will be payable on November 28, 2024 and bear interest at a rate of 3.600% per annum.

Interest payments on the 3.600% Notes are paid semi-annually on May 28 and November 28 of each year, to holders of record at the close of business on the May 13 and November 13 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to August 28, 2024 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.600% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 3.600% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest and special interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 3.600% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after August 28, 2024 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.600% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest and special interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest and special interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 3.600% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 3.600% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2014 Indenture. The 3.600% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 3.600% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for
payment of principal on such Notes (exclusive of interest and Special Interest, if any, accruing to the Redemption Date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2014 Indenture in connection with the 3.600% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 3.600% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

Method of Payment

We shall pay interest and special interest, if any, on the 3.600% Notes (except defaulted interest), if any, to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of the Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest and special interest, if any, on the 3.600% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the Register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the Holder.

2. Description of the US$700 million 4.500% Senior Notes Due 2034

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of November 28, 2014, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2014 Indenture”) and the 4.500% Notes due 2034 (the “4.500% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 4.500% Notes, please refer to the 2014 Indenture and the form of the 4.500% Notes filed as Exhibits 2.6 and 2.12 to our annual report on Form 20-F (No. 001-36614) filed on June 25, 2015.

General

The 4.500% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 4.500% Notes were issued as separate series of debt securities in registered form under the 2014 Indenture, dated as November 28, 2014, as amended, in denominations of US$200,000 and integral
multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 3.600% Notes.

The 4.500% Notes are initially limited to US$700,000,000 in aggregate principal amount and were issued at a price of 99.439% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 4.500% Notes. We may from time to time, without the consent of the holders of the 4.500% Notes, issue additional notes having the same terms and conditions as the initial 4.500% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2014 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not have the same CUSIP, ISIN or other identifying number as the initial notes.

The 4.500% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 4.500% Notes will be payable on November 28, 2034 and bear interest at a rate of 4.500% per annum.

Interest payments on the 4.500% Notes are paid semi-annually on May 28 and November 28 of each year, to holders of record at the close of business on the May 13 and November 13 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We may, at any time prior to May 28, 2034 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.500% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 4.500% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest and special interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 4.500% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after May 28, 2034 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.500% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest and special interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest and special interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 4.500% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 4.500% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2014 Indenture. The 4.500% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 4.500% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest and Special Interest, if any, accrued to the Redemption
Date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2014 Indenture in connection with the 4.500% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 4.500% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

Method of Payment

We shall pay interest and special interest, if any, on the 4.500% Notes (except defaulted interest), if any, to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of the Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest and special interest, if any, on the 4.500% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the Register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the Holder.

3. Description of the US$700 million 2.800% Senior Notes Due 2023

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2017 Indenture”) and the 2.800% Notes due 2023 (the “2.800% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 2.800% Notes, please refer to the 2017 Indenture and the form of the 2.800% Notes attached to the first supplemental indenture filed as Exhibits 2.15 and 2.16 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018.

General

The 2.800% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 2.800% Notes were issued as separate series of debt securities in registered form
under the 2017 Indenture, dated as December 6, 2017, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 2.800% Notes.

The 2.800% Notes are initially limited to US$700,000,000 in aggregate principal amount and were issued at a price of 99.853% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 2.800% Notes. We may from time to time, without the consent of the holders of the 2.800% Notes, issue additional notes having the same terms and conditions as the initial 2.800% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 2.800% Notes do not have the benefit of any sinking fund.

**Maturity and Interest**

The entire outstanding principal of the 2.800% Notes will be payable on June 6, 2023 and bear interest at a rate of 2.800% per annum.

Interest payments on the 2.800% Notes are paid semi-annually on June 6 and December 6 of each year, to holders of record at the close of business on the May 21 and November 21 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to May 6, 2023 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.800% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 2.800% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 2.800% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after May 6, 2023 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.800% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 2.800% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 2.800% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 2.800% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 2.800% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to
such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 12.5 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 2.800% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2.800% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

National Development and Reform Commission (“NDRC”) Post-issue Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with the Registration Certificate of Enterprise Foreign Debt Filing issued by the General Office of the NDRC on October 24, 2017, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015, the Approval of Foreign Debt Quota Administration Reform Trial Enterprise (Second Batch) for 2017 issued by the NDRC on March 22, 2017, and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 2.800% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 2.800% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

4. Description of the US$2,550 million 3.400% Senior Notes Due 2027

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and
amended (the “2017 Indenture”) and the 3.400% Notes due 2027 (the “3.400% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 3.400% Notes, please refer to the 2017 Indenture and the form of the 3.400% Notes attached to the second supplemental indenture filed as Exhibits 2.15 and 2.17 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018.

**General**

The 3.400% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 3.400% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, dated as December 6, 2017, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 3.400% Notes.

The 3.400% Notes are initially limited to US$2,550,000,000 in aggregate principal amount and were issued at a price of 99.396% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 3.400% Notes. We may from time to time, without the consent of the holders of the 3.400% Notes, issue additional notes having the same terms and conditions as the initial 3.400% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 3.400% Notes do not have the benefit of any sinking fund.

**Maturity and Interest**

The entire outstanding principal of the 3.400% Notes will be payable on December 6, 2027 and bear interest at a rate of 3.400% per annum.

Interest payments on the 3.400% Notes are paid semi-annually on June 6 and December 6 of each year, to holders of record at the close of business on the May 21 and November 21 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to September 6, 2027 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.400% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 3.400% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 3.400% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after September 6, 2027 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.400% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).
If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 3.400% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 3.400% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 3.400% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 3.400% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 3.400% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 3.400% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

**National Development and Reform Commission (“NDRC”) Post-issue Filing**

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with the Registration Certificate of Enterprise Foreign Debt Filing issued by the General Office of the NDRC on October 24, 2017, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015, the Approval of Foreign Debt Quota Administration Reform Trial Enterprise (Second Batch) for 2017 issued by the NDRC on March 22, 2017, and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

**Method of Payment**
We shall pay interest on the 3.400% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 3.400% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

5. Description of the US$1,000 million 4.000% Senior Notes Due 2037

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2017 Indenture”) and the 4.000% Notes due 2037 (the “4.000% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 4.000% Notes, please refer to the 2017 Indenture and the form of the 4.000% Notes attached to the third supplemental indenture filed as Exhibits 2.15 and 2.18 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018.

General

The 4.000% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 4.000% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, dated as December 6, 2017, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 4.000% Notes.

The 4.000% Notes are initially limited to US$1,000,000,000 in aggregate principal amount and were issued at a price of 99.863% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 4.000% Notes. We may from time to time, without the consent of the holders of the 4.000% Notes, issue additional notes having the same terms and conditions as the initial 4.000% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 4.000% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 4.000% Notes will be payable on December 6, 2037 and bear interest at a rate of 4.000% per annum.

Interest payments on the 4.000% Notes are paid semi-annually on June 6 and December 6 of each year, to holders of record at the close of business on the May 21 and November 21 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We may, at any time prior to June 6, 2037 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.000% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 4.000% Notes to be redeemed
and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 4.000% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after June 6, 2037 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.000% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 4.000% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 4.000% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 4.000% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 4.000% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 4.000% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 4.000% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

**National Development and Reform Commission (“NDRC”) Post-issue Filing**

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday,
Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with the Registration Certificate of Enterprise Foreign Debt Filing issued by the General Office of the NDRC on October 24, 2017, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015, the Approval of Foreign Debt Quota Administration Reform Trial Enterprise (Second Batch) for 2017 issued by the NDRC on March 22, 2017, and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 4.000% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 4.000% Notes shall be made, in the currency of the United States of America that is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

6. Description of the US$1,750 million 4.200% Senior Notes Due 2047

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2017 Indenture”) and the 4.200% Notes due 2047 (the “4.200% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 4.200% Notes, please refer to the 2017 Indenture and the form of the 4.200% Notes attached to the fourth supplemental indenture filed as Exhibits 2.15 and 2.19 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018.

General

The 4.200% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 4.200% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, dated as December 6, 2017, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 4.200% Notes.

The 4.200% Notes are initially limited to US$1,750,000,000 in aggregate principal amount and were issued at a price of 99.831% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 4.200% Notes. We may from time to time, without the consent of the holders of the 4.200% Notes, issue additional notes having the same terms and conditions as the initial 4.200% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 4.200% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 4.200% Notes will be payable on December 6, 2047 and bear interest at a rate of 4.200% per annum.
Interest payments on the 4.200% Notes are paid semi-annually on June 6 and December 6 of each year, to holders of record at the close of business on the May 21 and November 21 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to June 6, 2047 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.200% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 4.200% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 4.200% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after June 6, 2047 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.200% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 4.200% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 4.200% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 4.200% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“**Make Whole Amount**” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 4.200% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points.

“**Treasury Yield**” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“**Comparable Treasury Issue**” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 4.200% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 4.200% Notes to be redeemed.

“**Comparable Treasury Price**” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“**Reference Treasury Dealer**” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.
“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

National Development and Reform Commission (“NDRC”) Post-issue Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with the Registration Certificate of Enterprise Foreign Debt Filing issued by the General Office of the NDRC on October 24, 2017, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015, the Approval of Foreign Debt Quota Administration Reform Trial Enterprise (Second Batch) for 2017 issued by the NDRC on March 22, 2017, and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 4.200% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 4.200% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

7. Description of the US$1,000 million 4.400% Senior Notes Due 2057

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the Indenture, dated as of December 6, 2017, between Alibaba Group Holding Limited, as issuer, and The Bank of New York Mellon, as trustee, principal paying agent and securities registrar, as supplemented and amended (the “2017 Indenture”) and the 4.400% Notes due 2057 (the “4.400% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 4.400% Notes, please refer to the 2017 Indenture and the form of the 4.400% Notes attached to the fifth supplemental indenture filed as Exhibits 2.15 and 2.20 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2018.

General

The 4.400% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 4.400% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, dated as December 6, 2017, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 4.400% Notes.

The 4.400% Notes are initially limited to US$1,000,000,000 in aggregate principal amount and were issued at a price of 99.813% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 4.400% Notes. We may from time to time, without the consent of the holders of the 4.400% Notes, issue additional notes having the same terms and conditions as the initial 4.400% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not
fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 4.400% Notes do not have the benefit of any sinking fund.

**Maturity and Interest**

The entire outstanding principal of the 4.400% Notes will be payable on December 6, 2057 and bear interest at a rate of 4.400% per annum.

Interest payments on the 4.400% Notes are paid semi-annually on June 6 and December 6 of each year, to holders of record at the close of business on the May 21 and November 21 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to June 6, 2057 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.400% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 4.400% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 4.400% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after June 6, 2057 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 4.400% Notes (which notice shall be irrevocable), redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 4.400% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 4.400% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 4.400% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 4.400% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 4.400% Notes that would be utilized, at the time
of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 4.400% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

National Development and Reform Commission (“NDRC”) Post-issue Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with the Registration Certificate of Enterprise Foreign Debt Filing issued by the General Office of the NDRC on October 24, 2017, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015, the Approval of Foreign Debt Quota Administration Reform Trial Enterprise (Second Batch) for 2017 issued by the NDRC on March 22, 2017, and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 4.400% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 4.400% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

8. Description of the US$1,500 million 2.125% Senior Notes Due 2031

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the 2017 Indenture and the 2.125% Notes due 2031 (the “2.125% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 2.125% Notes, please refer to the 2017 Indenture and the form of the 2.125% Notes attached to the sixth supplemental indenture filed as Exhibits 2.13 and 2.26 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2021.

General

The 2.125% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 2.125% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in
excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 2.125% Notes.

The 2.125% Notes are initially limited to US$1,500,000,000 in aggregate principal amount and were issued at a price of 99.839% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 2.125% Notes. We may from time to time, without the consent of the holders of the 2.125% Notes, issue additional notes having the same terms and conditions as the initial 2.125% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 2.125% Notes do not have the benefit of any sinking fund.

**Maturity and Interest**

The entire outstanding principal of the 2.125% Notes will be payable on February 9, 2031 and bear interest at a rate of 2.125% per annum.

Interest payments on the 2.125% Notes are paid semi-annually on February 9 and August 9 of each year, to holders of record at the close of business on the January 20 and July 20 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

**Optional Redemption**

We may, at any time prior to November 9, 2030 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.125% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 2.125% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 2.125% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after November 9, 2030 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.125% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 2.125% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 2.125% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 2.125% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 2.125% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to
such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 2.125% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2.125% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

National Development and Reform Commission (“NDRC”) Post-issue Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with Registration Certificate of Enterprise Foreign Debt Filing (the “Foreign Debt Registration Certificate”) issued by the General Office of the NDRC on December 28, 2020, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015 and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the Trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 2.125% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 2.125% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

9. Description of the US$1,000 million 2.700% Senior Notes Due 2041 (the Sustainability Notes)

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the 2017 Indenture and the 2.700% Notes due 2041 (the “2.700% Notes” or the “Sustainability Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 2.700% Notes, please refer to the 2017 Indenture and the
form of the 2.700% Notes attached to the seventh supplemental indenture filed as Exhibits 2.13 and 2.27 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2021.

General

The 2.700% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 2.700% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 2.700% Notes.

The 2.700% Notes are initially limited to US$1,000,000,000 in aggregate principal amount and were issued at a price of 99.265% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 2.700% Notes. We may from time to time, without the consent of the holders of the 2.700% Notes, issue additional notes having the same terms and conditions as the initial 2.700% Notes in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 2.700% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 2.700% Notes will be payable on February 9, 2041 and bear interest at a rate of 2.700% per annum.

Interest payments on the 2.700% Notes are paid semi-annually on February 9 and August 9 of each year, to holders of record at the close of business on the January 20 and July 20 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We may, at any time prior to August 9, 2040 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.700% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 2.700% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 2.700% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after August 9, 2040 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 2.700% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 2.700% Note is registered at the close of business on such record date.
We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 2.700% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 2.700% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 2.700% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 2.700% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2.700% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

National Development and Reform Commission (“NDRC”) Post-Issuance Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with Registration Certificate of Enterprise Foreign Debt Filing (the “Foreign Debt Registration Certificate”) issued by the General Office of the NDRC on December 28, 2020, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015 and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the Trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 2.700% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 2.700% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and
private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

10. Description of the US$1,500 million 3.150% Senior Notes Due 2051

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the 2017 Indenture and the 3.150% Notes due 2051 (the “3.150% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 3.150% Notes, please refer to the 2017 Indenture and the form of the 3.150% Notes attached to the eighth supplemental indenture filed as Exhibits 2.13 and 2.28 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2021.

General

The 3.150% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 3.150% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 3.150% Notes.

The 3.150% Notes are initially limited to US$1,500,000,000 in aggregate principal amount and were issued at a price of 99.981% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 3.150% Notes. We may from time to time, without the consent of the holders of the 3.150% Notes, issue additional notes having the same terms and conditions as the initial 3.150% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 3.150% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 3.150% Notes will be payable on February 9, 2051 and bear interest at a rate of 3.150% per annum.

Interest payments on the 3.150% Notes are paid semi-annually on February 9 and August 9 of each year, to holders of record at the close of business on the January 20 and July 20 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We may, at any time prior to August 9, 2050 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.150% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 3.150% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 3.150% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.
We may, from or after August 9, 2050 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.150% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 3.150% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 3.150% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 3.150% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 3.150% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 3.150% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 3.150% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.

**National Development and Reform Commission (“NDRC”) Post-issue Filing**

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with Registration Certificate of Enterprise Foreign Debt Filing (the “Foreign Debt Registration Certificate”) issued by the General Office of the NDRC on December 28, 2020, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015 and any
implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the Trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 3.150% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 3.150% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

11. Description of the US$1,000 million 3.250% Senior Notes Due 2061

The following description of the terms and conditions of the above referenced debt securities is based on and qualified by the 2017 Indenture and the 3.250% Notes due 2061 (the “3.250% Notes”). We initially appointed The Bank of New York Mellon located at 101 Barclay Street, New York, NY 10286, United States of America as paying agent to receive all presentations, surrenders, notices and demands. For a complete description of the terms and provision of the 3.250% Notes, please refer to the 2017 Indenture and the form of the 3.250% Notes attached to the ninth supplemental indenture filed as Exhibits 2.13 and 2.29 to our annual report on Form 20-F (No. 001-36614) filed on July 27, 2021.

General

The 3.250% Notes constitute senior unsecured debt obligations of us and rank at least equal in right of payment to all of our other existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law). The 3.250% Notes were issued as separate series of debt securities in registered form under the 2017 Indenture, as amended, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bank of New York Mellon serves as trustee, authenticating agent, registrar and paying agent with respect to the 3.250% Notes.

The 3.250% Notes are initially limited to US$1,000,000,000 in aggregate principal amount and were issued at a price of 99.978% of the principal amount thereof, other than any offering discounts pursuant to the initial offering and resale of the 3.250% Notes. We may from time to time, without the consent of the holders of the 3.250% Notes, issue additional notes having the same terms and conditions as the initial 3.250% Notes in all respects (or in all respects except for the issue date, the issue price or the first interest payment date). Any additional notes and the initial notes shall constitute a single series under the 2017 Indenture, provided that if such additional notes are not fungible with the initial notes for U.S. federal income tax purposes, such additional notes shall not be issued. The aggregate principal amount of each of the additional notes shall be unlimited.

The 3.250% Notes do not have the benefit of any sinking fund.

Maturity and Interest

The entire outstanding principal of the 3.250% Notes will be payable on February 9, 2051 and bear interest at a rate of 3.250% per annum.

Interest payments on the 3.250% Notes are paid semi-annually on February 9 and August 9 of each year, to holders of record at the close of business on the January 20 and July 20 prior to the applicable interest payment date and on the maturity date. The basis upon which interest shall be calculated shall be that of a 360-day year consisting of twelve 30-day months.

Optional Redemption
We may, at any time prior to August 9, 2060 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.250% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption amount equal to the greater of (x) 100% of the principal amount of the 3.250% Notes to be redeemed and (y) the Make Whole Amount (as defined below), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date. Moreover, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that the principal amount of a 3.250% Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

We may, from or after August 9, 2060 upon giving not less than 30 days nor more than 60 days’ notice to holders of the 3.250% Notes (which notice shall be irrevocable) and the trustee, redeem such Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If the redemption date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the redemption date shall be paid on such interest payment date to the person in whose name a 3.250% Note is registered at the close of business on such record date.

We or any of our controlled entities may, in accordance with all applicable laws and regulations, at any time purchase the 3.250% Notes in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the 2017 Indenture. The 3.250% Notes that we or our affiliates purchase may, in our discretion, be held, resold or canceled.

“Make Whole Amount” means an amount determined by the paying agent on the fifth business day before the redemption date that is equal to the sum of (i) the present value of the principal amount of the 3.250% Notes to be redeemed, assuming a scheduled repayment thereof on the maturity date for payment of principal on such Notes, plus (ii) the present value of the remaining scheduled payments of interest to and including such maturity date for payment of principal on such Notes (exclusive of interest accrued to the redemption date), in each case discounted to such redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 30 basis points.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth business day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an independent investment banker as defined under the 2017 Indenture in connection with the 3.250% Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 3.250% Notes to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such reference treasury dealer quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Company in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth business day before such redemption date.
National Development and Reform Commission ("NDRC") Post-issue Filing

We shall notify the trustee if we do not file or cause to be filed with the NDRC the requisite information and documents required to be filed with the NDRC within ten PRC business days (means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed) after the closing date in accordance with Registration Certificate of Enterprise Foreign Debt Filing (the “Foreign Debt Registration Certificate”) issued by the General Office of the NDRC on December 28, 2020, pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations issued by the NDRC on September 14, 2015 and any implementation rules as issued by the NDRC as in effect at such time (the “Post-Issuance Filing”). Such notification to the Trustee will be made within ten PRC business days after such failure to complete the Post-Issuance Filing.

Method of Payment

We shall pay interest on the 3.250% Notes (except defaulted interest, if any), to the persons in whose name such Notes are registered at the close of business on the record date referred to on the face of such Note immediately preceding the related interest payment date, even if such Notes are canceled, repurchased or redeemed on or after such record date and on or before such interest payment date. Payment of interest on the 3.250% Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at our option, by check mailed to the address of the person entitled thereto as such address shall appear in the register or, in accordance with arrangements satisfactory to the paying agent, by wire transfer to an account designated by the holder.

12. General Terms Applicable to Each Series of the 2014 Senior Notes, the 2017 Senior Notes and the 2021 Senior Notes

Particular Covenants of Us

We have agreed certain covenants under the Indentures, including, among others:

Payments of Principal, Premium and Interest. We, for the benefit of each series of Notes, shall duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on, each series of Notes, at the dates and place and in the manner provided in the Notes and in the Indentures.

Merger, Consolidation and Sale of Assets. Except as otherwise provided as contemplated under the Indentures with respect to any series of Notes: (a) We shall not consolidate with or merge into any other person in a transaction in which we are not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any person, unless (i) any person formed by such consolidation or into or with which we are merged or to whom we have conveyed, transferred or leased our properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the British Virgin Islands, the Cayman Islands, the PRC or Hong Kong and such person expressly assumes by an indenture supplemental to the Indentures all the obligations of us under the Indentures and the Notes, including the obligation to pay additional amounts with respect to any jurisdiction in which it is organized or resident for tax purposes; (ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and (iii) we have delivered to the trustee an officer’s certificate and an opinion of an independent legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indentures and that all conditions precedent therein provided for relating to such transaction have been complied with. (b) Upon any consolidation with or merger into any other entity, or any sale other than for cash, or any conveyance or lease, of all or substantially all of our assets in accordance with this section, the successor entity formed by such consolidation or into or with which we are merged or to which we are sold or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, us under the Indentures with the same effect as if such successor entity had been named as us therein, and thereafter, except in the case of a lease, the predecessor company shall be relieved of all obligations and covenants under the Indentures and the Notes, and from time to time such successor entity may exercise each and every right and power of us under the Indentures, in the name of us, or in our own name; and any act or proceeding by any provision of the Indentures required or permitted to be done by the board of
directors or any officer of us may be done with like force and effect by the like board of directors or officer of any entity that shall at the time be the successor of us thereunder. In the event of any such sale or conveyance, but not any such lease, we (or any successor entity which shall theretofore have become such in the manner described in this section) shall be discharged from all obligations and covenants under the Indentures and the Notes and may thereupon be dissolved and liquidated.

Repurchase Upon Triggering Event. The following shall apply with respect to the Notes so long as any of the Notes remain outstanding:

(a) If a Triggering Event occurs, unless we have exercised our right to redeem all of the Notes of a particular series pursuant to the Indentures, the Company shall make an offer to repurchase all or, at the holder’s option, any part (equal to US$200,000 for the 2014 Senior Notes or US$2,000 for the 2017 Senior Notes and the 2021 Senior Notes, or multiples of US$1,000 in excess thereof (or such other denominations in which such Notes are issuable)) of each holder’s Notes pursuant to the offer described below (the “Triggering Event Offer”), at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the “Triggering Event Payment”) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Within 30 days following any Triggering Event, unless we have exercised our right to redeem all of the outstanding Notes pursuant to the Indentures, we will send a notice of such Triggering Event Offer to each holder or otherwise give notice in accordance with the applicable procedures, with a copy to the trustee, stating: (i) that a Triggering Event Offer is being made pursuant to this section, including a description of the transaction or transactions that constitute the Triggering Event, and that all Notes properly tendered pursuant to such Triggering Event Offer will be accepted for purchase by us at a purchase price in cash equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest, if any, on such Notes to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); (ii) the purchase date (which shall be no earlier than 30 days and no later than 60 days from the date such notice is sent) (the “Triggering Event Payment Date”); (iii) that the Notes of any series must be tendered in amounts of US$200,000 for the 2014 Senior Notes or US$2,000 for the 2017 Senior Notes and the 2021 Senior Notes, or multiples of US$1,000 in excess thereof (or such other denominations in which such Notes are issuable), and any Note not properly tendered will remain outstanding and continue to accrue interest; (iv) that, unless we default in the payment of the Triggering Event Payment, any Note accepted for payment pursuant to the Triggering Event Offer will cease to accrue interest on and after the Triggering Event Payment Date; (v) that holders electing to have any Notes purchased pursuant to a Triggering Event Offer will be required to surrender such Notes, with the form entitled “Option of Holder to Elect Purchase” as attached to the Indentures on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third business day preceding the Triggering Event Payment Date; (vi) that holders shall be entitled to withdraw their tendered Notes and their election to require us to purchase such Notes; provided that the paying agent receives at the address specified in the notice, not later than the close of business on the 30th day following the date of the Triggering Event notice, a telegram, facsimile transmission or letter setting forth the name of the holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such holder is withdrawing its tendered Notes and its election to have such Notes purchased; (vii) that if a holder is tendering less than all of its Notes, such holder will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (the unpurchased portion of the Notes must be equal to US$200,000 for the 2014 Senior Notes or US$2,000 for the 2017 Senior Notes and the 2021 Senior Notes or an integral multiple of US$1,000 in excess thereof (or such other denominations in which such Securities are issuable)); and (viii) the other instructions, as determined by us consistent with this section, that a holder must follow.

(b) On the Triggering Event Payment Date, we will, to the extent lawful: (i) accept for payment all Notes or portions of Notes (of US$200,000 for the 2014 Senior Notes or US$2,000 for the 2017 Senior Notes and the 2021 Senior Notes or integral multiples of US$1,000 in excess thereof or such other denominations for which such securities are issuable) properly tendered pursuant to the Triggering Event Offer; (ii) deposit with the paying agent, one business day prior to the Triggering Event Payment Date, an amount of cash in U.S. Dollars equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered at least three business days prior to the Triggering Event Payment Date; and (iii) deliver or cause to be
delivered to the paying agent for cancellation the Notes properly accepted together with an officer’s certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by us in accordance with the terms of this section.

(c) The paying agent shall promptly send, to each holder who properly tendered Notes, the purchase price for such Notes properly tendered, and the trustee shall promptly authenticate and send (or cause to be transferred by book-entry) to each such holder a new Note equal in principal amount equal to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of US$2,000 for the 2014 Senior Notes or US$2,000 for the 2017 Senior Notes and the 2021 Senior Notes or a multiple of US$1,000 in excess thereof (or such other denominations in which such Notes are issuable) (or, if less, the remaining principal amount thereof).

(d) If the Triggering Event Payment Date is on or after the relevant record date and on or before the related interest payment date, any accrued and unpaid interest, if any, to the Triggering Event Payment Date shall be paid on such interest payment date to the person in whose name a Note is registered at the close of business on such record date.

(e) We will not be required to make a Triggering Event Offer upon a Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults its offer, we will be required to make a Triggering Event Offer treating the date of such termination or default as though it were the date of the Triggering Event.

(f) We shall comply with the requirements of Rule 14e-1 under the Exchange Act, to the extent applicable, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Triggering Event Offer provisions of the Notes, we will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Triggering Event Offer provisions of the Notes by virtue of any such conflict.

Additional Amounts

(a) All payments of principal, premium, if any, and interest made by us in respect of any Note shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, “Taxes”) imposed or levied by or within the Cayman Islands or the PRC (in each case, including any political subdivision or any authority therein or thereof having power to tax) (each, a “Relevant Jurisdiction”), unless such withholding or deduction of such Taxes is required by law. If we are required to make such withholding or deduction, we shall pay such additional amounts (“Additional Amounts”) as will result in receipt by each holder of Notes of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts shall be payable: (i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the holder or beneficial owner of a Note and the Relevant Jurisdiction other than merely holding such Note or receiving principal, premium, if any, or interest, in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein); (ii) in respect of any Note presented for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the “relevant date” in relation to any Note means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for; (iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner of a Note to comply with a timely request by us addressed to the holder or beneficial owner to provide information concerning such holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required.
under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder; (iv) in respect of any Taxes imposed as a result of a Note being presented for payment (where presentation is required) in the Relevant Jurisdiction, unless such Security could not have been presented for payment elsewhere; (v) in respect of any estate, inheritance, gift, sale, use, value added, excise, transfer, personal property, wealth, interest equalization or similar Taxes (other than any value added Taxes imposed by the PRC or any political subdivision thereof if we were to be deemed a PRC tax resident); (vi) to any holder of a Note that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required by the laws of the Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof; (vii) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the Code and U.S. Treasury Regulations thereunder ("FATCA"), any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or guidance enacted or issued with respect thereto; (viii) in respect of any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note; or (xi) in respect of any combination of Taxes referred to in the preceding clauses (i) through (viii) above.

(b) In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect thereto, at least 30 days prior to each date of payment of principal of, premium, if any, or interest, on the Notes, we shall furnish to the trustee and the paying agent, if other than the trustee, an officer’s certificate specifying the amount required to be withheld or deducted on such payments to holders, certifying that we shall pay such amounts required to be withheld to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to each holder, and that we will pay to the trustee or such paying agent the Additional Amounts required to be paid; provided that no such officer’s certificate will be required prior to any date of payment of principal of, premium, if any, or interest, on such Notes if there has been no change with respect to the matters set forth in a prior officer’s certificate. The trustee and each paying agent may rely on the fact that any officer’s certificate contemplated by this section has not been furnished as evidence of the fact that no withholding or deduction for or on account of any Taxes is required. We covenant to indemnify the trustee and any paying agent for and to hold them harmless against any loss or liability incurred without fraud, gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such officer’s certificate furnished pursuant to this section or on the fact that any officer’s certificate contemplated by this section has not been furnished.

(c) Whenever in the Indentures there is mentioned, in any context, the payment of principal, premium, if any, or interest, in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indentures, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indentures.

*Payment for Consent.* We will not, and will not permit any of our controlled entities to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indentures or any series of the Notes unless such consideration is offered to be paid and is paid to all holders of such series of Notes as may be affected thereby that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

*Triggering Event* means (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “Change in Law”) that results in (x) our Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by our Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in our consolidated financial statements for the most recent fiscal quarter and (y) we being unable to continue to derive substantially all of the economic benefits from the business operations conducted by our Group (as in existence immediately prior to such Change in Law) in the same manner as reflected
in our consolidated financial statements for the most recent fiscal quarter prior to such Change in Law and (B) we have not furnished to the trustee, prior to the date that is twelve months after the date of the Change in Law, an opinion from an independent financial advisor or an independent legal counsel stating either that (1) we are able to continue to derive substantially all of the economic benefits from the business operations conducted by our Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in our consolidated financial statements for the most recent fiscal quarter prior to such Change in Law (including after giving effect to any corporate restructuring or reorganization plan of us) or (2) such Change in Law would not materially adversely affect our ability to make principal, premium, if any, and interest payments on the Notes of any series when due.

**Limitation on Liens**

(a) Subject to the exceptions set forth in section (b) below, we will not create or have outstanding, and we will ensure that none of its principal controlled entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future assets securing any relevant indebtedness, or create or have outstanding any guarantee or indemnity in respect of any relevant indebtedness either of us or of any principal controlled entity, without (x) at the same time or prior thereto securing or guaranteeing the Notes of any applicable series, as applicable, equally and ratably therewith or (y) providing such other security or guarantees for the Notes of the applicable series as shall be approved by an act of the holders of such series of Securities holding at least a majority of the principal amount of such series of Notes then outstanding.

(b) The restriction set forth in section (a) above will not apply to: (i) any Lien arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings; (ii) any Lien in respect of the obligations of any person which becomes a principal controlled entity or which merges with or into us or a principal controlled entity after the date hereof which is in existence at the date on which it becomes a principal controlled entity or merges with or into us or a principal controlled entity; (iii) any Lien created or outstanding in favor of us or any Lien created by any of our controlled entities in favor of any of our other controlled entities; (iv) any Lien in respect of relevant indebtedness of us or any principal controlled entity with respect to which we have or such principal controlled entity has paid money or deposited money or securities with a paying agent, trustee or depository to pay or discharge in full the obligations of us or such principal controlled entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); (v) with respect to the 2017 Senior Notes and the 2021 Senior Notes only, any Lien created in connection with relevant indebtedness of the Company or any Principal Controlled Entity denominated in Chinese Renminbi and initially offered, marketed or issued primarily to Persons resident in the PRC; (vi) any Lien created in connection with a project financed with, or created to secure, non-recourse obligations; or (vii) any Lien arising out of the refinancing, extension, renewal or refunding of any relevant indebtedness secured by any Lien permitted by the foregoing clause (ii), (v), (vi) or (vii) of this section (b); provided that such relevant indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding, including any accrued interest and prepayment premiums or consent fees) and is not secured by any additional property or assets.

“Lien” means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

**Notice of Redemption**

Notice of redemption shall be given by us, or, at our request (which may be rescinded or revoked at any time prior to the time at which the trustee shall have given such notice to the holders), by the trustee in the name and at the expense of us, not less than 30 days nor more than 60 days prior to the redemption date, to the holders of the Notes of any series to be redeemed in whole or in part, in the manner provided in section; provided that the trustee be provided with the draft notice at least 15 days (or such shorter period acceptable to the trustee) prior to sending such notice of redemption. Any notice given in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. Failure to give such notice, or any defect in such notice to the holder of any Notes of a series designated for redemption, in whole or in part, shall not affect the sufficiency of any notice of redemption with respect to the holder of any other Note of such series.

All notices of redemption shall identify the Notes to be redeemed (including CUSIP, ISIN or other similar numbers, if available) and shall state: (i) such election by us to redeem the Notes of such series pursuant to provisions
Acceleration; Rescission and Annulment

Given to us by the holders, we will provide a copy of such written notice to the trustee. If the Notes of such series then outstanding provide written notice to us of the default and we do not cure such default, it will not constitute an Event of Default until the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series receive written notice of the default and such default continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series then outstanding. (e) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of us or any principal controlled entity of us in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging us or any principal controlled entity of us bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of us or any principal controlled entity of us under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any principal controlled entity of us or of any substantial part of our or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; (f) the commencement by us or any principal controlled entity of us of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent of the Company or any Principal Controlled Entity to the entry of a decree or order for relief in respect of us or any principal controlled entity of us in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us or any principal controlled entity, or the filing by us or any principal controlled entity of a petition or answer or consent seeking reorganization or relief with respect to us or any principal controlled entity of us under any applicable bankruptcy, insolvency or other similar law, or the consent by us or any principal controlled entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any principal controlled entity of us or of any substantial part of its or their respective property pursuant to any such law, or the making by us or any principal controlled entity of us of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by us or any principal controlled entity of us in writing of the inability of us to pay its debts generally as they become due, or the taking of corporate action by us or any principal controlled entity of us that resolves to commence any such action; (g) the Notes of such series or the Indentures is or becomes or is claimed by us to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indentures; or (h) the occurrence of any other Event of Default with respect to Notes of such series as provided in the Indentures; provided, however, that a default under section (d) above will not constitute an Event of Default until the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series then outstanding provide written notice to us of the default and we do not cure such default within the time specified in section (d) above after receipt of such written notice. In the case of such written notice given to us by the holders, we will provide a copy of such written notice to the trustee.

Events of Default

Except where otherwise indicated by the context or where the term is otherwise defined for a specific purpose, the term “Event of Default” as used in the Indentures with respect to Notes of any series shall mean one of the following described events unless it is either inapplicable to a particular series or it is specifically deleted or modified in the manner contemplated in the Indentures: (a) we fail to pay principal or premium, if any, in respect of a Note of such series by the due date for such payment (whether at stated maturity or upon repurchase, acceleration, redemption or otherwise); (b) we fail to pay interest on a Security of such series within 30 days after the due date for such payment; (c) we default in the performance of or breaches our obligations under section in connection with merger, consolidation and sale of assets under particular covenants of us; (d) we default in the performance of or breaches any covenant or agreement in the Indentures or under the Notes of such series (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series then outstanding; (e) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of us or any principal controlled entity of us in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging us or any principal controlled entity of us bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of us or any principal controlled entity of us under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any principal controlled entity of us or of any substantial part of our or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; (f) the commencement by us or any principal controlled entity of us of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent of the Company or any Principal Controlled Entity to the entry of a decree or order for relief in respect of us or any principal controlled entity of us in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us or any principal controlled entity, or the filing by us or any principal controlled entity of a petition or answer or consent seeking reorganization or relief with respect to us or any principal controlled entity of us under any applicable bankruptcy, insolvency or other similar law, or the consent by us or any principal controlled entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any principal controlled entity of us or of any substantial part of its or their respective property pursuant to any such law, or the making by us or any principal controlled entity of us of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by us or any principal controlled entity of us in writing of the inability of us to pay its debts generally as they become due, or the taking of corporate action by us or any principal controlled entity of us that resolves to commence any such action; (g) the Notes of such series or the Indentures is or becomes or is claimed by us to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indentures; or (h) the occurrence of any other Event of Default with respect to Notes of such series as provided in the Indentures; provided, however, that a default under section (d) above will not constitute an Event of Default until the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series then outstanding provide written notice to us of the default and we do not cure such default within the time specified in section (d) above after receipt of such written notice. In the case of such written notice given to us by the holders, we will provide a copy of such written notice to the trustee.

Acceleration; Rescission and Annulment
Subject to the Indentures, any one or more of the above-described Events of Default (other than an Event of Default specified in sub-sections (e) or (f)) shall occur and be continuing with respect to Notes any series at the time outstanding, then, and in each and every such case, during the continuance of any such Event of Default, the trustee or the holders of not less than 25% in aggregate principal amount of the Notes of such series then outstanding may, and the trustee upon written directions of holders of at least 25% in aggregate principal amount of the Notes of such series outstanding shall (subject to being indemnified secured and/or pre-funded to its satisfaction), declare the unpaid principal (or such portion of the unpaid principal amount as may be specified in the terms of that series) of and accrued but unpaid interest, if any, on (and any Additional Amount payable in respect of) all the Notes of such series then outstanding to be due and payable by a notice in writing to us (and to the trustee if given by holders), and upon receipt of such notice, such unpaid principal amount and accrued but unpaid interest, if any, shall become immediately due and payable. If an Event of Default specified in sub-section (e) or (f) occurs and is continuing, then in every such case, the unpaid principal amount of all of the Notes of that series then outstanding and all accrued and unpaid interest, if any, thereon shall automatically, and without any declaration or any other action on the part of the trustee or any holder, become due and payable immediately. Upon payment of such amounts in the currency in which such Notes are denominated subject to the Indentures, all obligations of us in respect of the payment of principal of and interest on the Notes of such series shall terminate.

At any time after such a declaration of acceleration with respect to the Notes of any series has been made and before a judgment or decree for payment of the money due has been obtained by the trustee as hereinafter, the holders of at least a majority in aggregate principal amount of the Notes of such series at the time outstanding may waive all past defaults and rescind and annul such acceleration if: (i) the rescission of the acceleration with respect to the Notes of such series would not conflict with any judgment or decree of a court of competent jurisdiction; and (ii) all Events of Default with respect to the Notes of such series, other than the non-payment of principal, premium, if any, or interest, on the Notes of such series that became due solely because of such acceleration, have been cured or waived as provided in section entitled “Other Remedies” below.

No rescission as provided in this section shall affect any subsequent default or impair any right consequent thereon.

For all purposes under the Indentures, if a portion of the principal of any Notes shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Notes shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Notes.

Other Remedies

If we shall fail for a period of 30 days to pay any installment of interest on the Notes of any series or shall fail to pay the principal of and premium, if any, on any of the Notes of such series when and as the same shall become due and payable, whether at maturity, or by call for redemption, by declaration as authorized by the Indentures, or otherwise, then, upon demand of the trustee, we shall pay to the paying agent, for the benefit of the holders of Notes of such series, the whole amount which then shall have become due and payable on all the Notes of such series, with interest on the overdue principal and premium, if any, and (so far as the same may be legally enforceable) on the overdue installments of interest at the rate borne by the Notes of such series, and all amounts owing the trustee and any predecessor trustee subject to the provisions in connection with compensation and indemnity to the trustee under the Indentures.

In case we shall fail forthwith to pay such amounts upon such demand, the trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceeding, judicial or otherwise for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against us or any other obligor upon the Notes of such series, and collect the moneys adjudged or decreed to be payable out of the property of us or any other obligor upon the Notes of such series, wherever situated, in the manner provided by law. Every recovery of judgment in any such action or other proceeding, subject to the payment to the trustee of all amounts owing the trustee and any predecessor trustee subject to the provisions in connection with compensation and indemnity to the trustee under the Indentures, shall be for the ratable benefit of the holders of such series of Notes which shall be the subject of such
action or proceeding. All rights of action upon or under any of the Notes or the Indentures may be enforced by the
trustee without the possession of any of the Notes and without the production of any thereof at any trial or any
proceeding relative thereto.

Satisfaction and Discharge of Indentures

The Indentures, with respect to the Notes of any series (if all series issued under the Indentures are not to be
affected), shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange
of such Notes herein expressly provided for and rights to receive payments of principal of, premium, if any, and
interest on, such Notes) when: (i) either: (A) all Notes of such series that have been authenticated, except (x) lost,
stolen or destroyed Notes that have been replaced or paid and (y) Notes for whose payment money has been
deposited in trust and thereafter repaid to us, have been delivered to the paying agent for cancellation; or (B) all
Notes of such series that have not been delivered to the paying agent for cancellation have become due and payable
by reason of the sending of a notice of redemption or otherwise or will become due and payable within one year and
we have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit
of the holders of such series of Notes, cash in U.S. Dollars, U.S. Government obligations, or a combination of cash
in U.S. Dollars and U.S. Government obligations, in amounts as will be sufficient (in the case of a deposit not
entirely in cash, in the opinion of an internationally recognized investment bank, appraisal firm or firm of
independent public accountants), without consideration of any reinvestment of interest, to pay and discharge the
entire amount outstanding on such Notes not delivered to the paying agent for cancellation for principal, premium, if
any, and accrued interest, to the stated maturity or redemption date, as the case may be; (ii) no default or Event of
Default under the Indentures has occurred and is continuing with respect to Notes of such series on the date of the
deposit (other than a default or Event of Default resulting from the borrowing of funds to be applied to such
deposit); (iii) we have paid or caused to be paid all sums payable by it under the Indentures with respect to all Notes
of such series; and (iv) we have delivered irrevocable instructions to the trustee under the Indentures to apply the
deposited money toward the payment of the Notes of such series at the stated maturity or redemption date, as the
case may be.

We must deliver an officer’s certificate and an opinion of an independent legal counsel (which may be subject to
customary assumptions and exclusions) to the trustee stating that all conditions precedent to satisfaction and
discharge have been satisfied.

Notices to Note holders; Waiver

Any notice required or permitted to be given to Note holders shall be sufficiently given (unless otherwise herein
expressly provided), if to holders, if given in writing by first class mail, postage prepaid, to such holders at their
addresses as the same shall appear on the register. Notwithstanding the foregoing sentence, where the Indentures
provide for notice of any event to a holder of a global security, such notice shall be sufficiently given if given to the
depository for such Note (or its designee), pursuant to the applicable procedures of the depository, not later than the
latest date, if any, and not earlier than the earliest date, if any, prescribed for the giving of such notice by the
Indentures.

(a) In the event of suspension of regular mail service or by reason of any other cause it shall be impracticable to give
notice by mail, then such notification as shall be given with the approval of the Trustee shall constitute sufficient
notice for every purpose hereunder.

(b) Where the Indentures provide for notice in any manner, such notice may be waived in writing by the person
entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such
notice. Waivers of notice by holders shall be filed with the trustee, but such filing shall not be a condition precedent
to the validity of any action taken in reliance on such waiver. In any case where notice to holders is given by mail,
neither the failure to mail such notice nor any defect in any notice so mailed to any particular holder shall affect the
sufficiency of such notice with respect to other holders, and any notice that is mailed in the manner herein provided
shall be conclusively presumed to have been duly given. In any case where notice to holders is given by publication,
any defect in any notice so published as to any particular holder shall not affect the sufficiency of such notice with
respect to other holders, and any notice that is published in the manner herein provided shall be conclusively
presumed to have been duly given.
Supplemental Indentures

Without consent of holders of the Notes. Subject to the Indentures, we and the trustee, at any time and from time to time, may enter into one or more indentures supplemental, in form satisfactory to the trustee, for any one or more of or all the following purposes: (a) to cure any ambiguity, omission, defect or inconsistency contained herein or in any supplemental indenture; provided, however, that such amendment does not materially and adversely affect the rights of holders; (b) to evidence the succession of another corporation, partnership, trust or other entity to us in accordance with the section in connection with merger, consolidation and sale of assets under the Indentures, or successive successions, and the assumption by such successor of the covenants and obligations of us contained in the Notes of one or more series and in the indentures or any supplemental indenture; (c) to comply with the rules of any applicable depository; (d) to secure any series of Notes; (e) to add to the covenants and agreements of us, to be observed thereafter and during the period, if any, in such supplemental indenture or indentures expressed, and to add Events of Default, in each case for the protection or benefit of the holders of all or any series of the Notes (and if such covenants, agreements and Events of Default are to be for the benefit of fewer than all series of Notes, stating that such covenants, agreements and Events of Default are expressly being included for the benefit of such series as shall be identified therein), or to surrender any right or power herein conferred upon us; (f) to make any change in any series of Notes that does not adversely affect the legal rights under the Indentures of any holder of such Notes in any material respect; (g) to evidence and provide for the acceptance of an appointment under the Indentures of a successor trustee; provided that the successor trustee is otherwise qualified and eligible to act as such under the terms hereof; (h) to conform the text of the Indentures or any series of the Notes to any provision of the section entitled “Description of the Debt Securities” in the prospectus relating to the offering of the Notes to the extent that such provision in such prospectus was intended to be a verbatim recitation of a provision of the Indentures or such series of the Notes as evidenced by an officer’s certificate; (i) to make any amendment to the provisions of the Indentures relating to the transfer andlegending of such series of Notes as permitted by the Indentures, including, but not limited to, facilitating the issuance and administration of any series of the Notes or, if incurred in compliance with the Indentures, additional Notes; provided, however, that (i) compliance with the Indentures as so amended would not result in such series of the Notes being transferred in violation of the Securities Act, or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes; (j) to make any amendment to this Indenture necessary to qualify the Indentures under the Trust Indenture Act; (k) to establish the form and terms of Notes of any series as permitted under the Indentures, or to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indentures or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Notes of any series, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed; and (l) to add guarantors or co-obligors with respect to any series of Notes.

Subject to the Indentures, the trustee is authorized to join with us in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property or assets thereunder.

Any supplemental indenture authorized by the provisions of this section may be executed by us and the trustee without the consent of the holders of any of the Notes at the time outstanding.

With Consent of Holders of the Notes; Limitations.

(a) With the consent of the holders of a majority in aggregate principal amount of the outstanding Notes of each series affected by such supplemental indenture voting separately, we and the trustee may, from time to time and at any time, enter into an indenture or indentures supplemental for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of the Indentures or of modifying or changing in any manner the rights of the holders of the Notes of such series to be affected; provided, however, that no such supplemental indenture shall, without the consent of the holder of each outstanding Note of each such series affected thereby, (i) change the stated maturity of the principal of and premium, if any, or any installment of interest on any Note; (ii) reduce the principal amount of, payments of interest, on or stated time for payment of interest, on any Note; (iii) change any obligation of us to pay Additional Amounts with respect to any Note; (iv) change the currency in which the principal of and premium, if any, or interest on such Note is denominated or payable; (v) impair the right to institute suit for the enforcement of any payment due on or with respect to any Note; (vi) reduce the percentage in principal amount of the outstanding Note of any series, the consent of whose holders is required for any supplemental indenture; (vii)
reduce the percentage in principal amount of the outstanding Notes of any series, the consent of whose holders is required for any waiver of compliance with certain provisions of the Indentures or certain defaults and their consequences provided for in the Indentures; (viii) modify any of the provisions of this section and certain conditional waivers of holders of the Notes under the Indentures, except to increase any such percentage or provide that certain other provisions of the Indentures cannot be modified or waived without the consent of the holder of each outstanding Note affected thereby; provided, however, that this shall not be deemed to require the consent of any holder with respect to changes in the references to the trustee and concomitant changes in this section and certain conditional waivers of holders of the Notes, or the deletion of this proviso; (ix) amend, change or modify any provision of the Indentures or the related definitions affecting the ranking of any series of Notes in a manner which adversely affects the holders of such Notes; or (x) reduce the amount of the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased subject to tax redemption pursuant to the Indentures.

(b) A supplemental indenture that changes or eliminates any provision of the Indentures which has expressly been included solely for the benefit of one or more particular series of Notes or which modifies the rights of the holders of Notes of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the Indentures of the holders of Notes of any other series.

(c) It shall not be necessary for the consent of the holders of the Notes under this section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. Any such consent of holders given in connection with a tender of such holders’ Notes of such series will not be rendered invalid by such tender.

(d) We may set a record date for purposes of determining the identity of the holders of each series of Notes entitled to give a written consent or waive compliance by us as authorized or permitted by this section.

After the execution by us and the trustee of any supplemental indenture pursuant to the provisions of this section, we shall mail a notice, setting forth in general terms the substance of such supplemental indenture, to the holders of Notes at their addresses as the same shall then appear in the register. Any failure of us to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

**Effect of Execution of Supplemental Indenture.** Upon the execution of any supplemental indenture, the Indentures shall be deemed to be modified and amended in accordance therewith and, except as herein otherwise expressly provided, the respective rights, limitations of rights, obligations, duties and immunities under the Indentures of the trustee, us and the holders of all of the Notes or of the Notes of any series affected, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Indentures for any and all purposes.

**Conformity with Trust Indenture Act.** Every supplemental indenture executed pursuant to the provisions of this Article XIII shall conform to the requirements of the Trust Indenture Act as then in effect.

**Governing Law**

The Indentures and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.
Schedules of Material Differences of Contractual Arrangements of Representative Variable Interest Entities and their Respective Equity Holders

I. Loan Agreement Schedule

The material differences in the loan agreements by and among the VIE Shareholders and the WFOEs in connection with our contractual arrangements for the representative variable interest entities and their respective equity holders are set forth below.

1. loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Zhejiang Tmall Technology Co., Ltd. (the “WFOE”) on January 10, 2018; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Zhejiang Tmall Network Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB10 million, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

2. loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Taobao (China) Software Co., Ltd. (the “WFOE”) on January 4, 2019; the agreement will terminate (i) 20 years from the effective date of the loan agreement on January 4, 2019, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Zhejiang Taobao Network Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB65,032,517, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

3. loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Zhejiang Alibaba Cloud Computing Ltd. (the “WFOE”) on July 19, 2018; the agreement will expire (i) 20 years from the effective date of the loan agreement on July 16, 2018, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Alibaba Cloud Computing Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB50,025,013, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

4. loan agreement entered into by Hangzhou Baoxuan Investment Management Co., Ltd. (the “VIE Shareholder”) and Beijing Youku Technology Co., Ltd. (the “WFOE”) on November 15, 2021; the agreement will expire upon (i) 20 years from the effective
date of the loan agreement, (ii) the expiry of the business term of the WFOE, or (iii) the expiry of the business term of Alibaba Culture Entertainment Co, Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB500 million, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

5. Loan agreement entered into by Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE Shareholder”) and Rajax Network Technology (Shanghai) Co., Ltd. (the “WFOE”) on May 8, 2018; the agreement will expire upon (i) 30 days after receipt of debit note from the WFOE, (ii) the bankruptcy liquidation of the VIE Shareholder, (iii) the time when the VIE Shareholder is no longer the shareholder of Shanghai Rajax Information Technology Co., Ltd. (the “VIE”) or its affiliates and it does not work for the WFOE, the VIE or their affiliates, (iv) the time when VIE Shareholder commits or engages in any crime, or (v) the time when foreign investors are allowed to control or solely invest in a company engaging in the business same as the VIE, PRC authorities begin to approve this business and the WFOE determines to exercise the call option under the exclusive call option agreement entered into by the WFOE, the VIE Shareholder and the VIE, whichever is earlier; the aggregate principal amount under the loan agreement is RMB4.17 million, which shall only be used as equity transfer fund for the VIE Shareholder to acquire stakes in the VIE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to sell, transfer, pledge, dispose of or create security interest on its major assets, business or legal or beneficial interest in revenue, and shall not take any actions or omissions that may materially affect the assets, businesses or obligations of the VIE;

6. Loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Alibaba (China) Co. Ltd. (the “WFOE”) on April 9, 2020; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Hangzhou Ali Venture Capital Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB260 million, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

7. Loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Beijing Alibaba Cloud Computing Technology Ltd. (the “WFOE”) on October 18, 2018; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Alibaba Cloud Computing (Beijing) Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB18,538,569.29, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000,
individually or in aggregate in six consecutive months, arising in the ordinary course of business;

8. loan agreement entered into by Alibaba Culture Entertainment Co. Ltd. (the “VIE Shareholder”) and Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) on December 29, 2021; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB90,000,000, which shall only be used for uses approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

9. loan agreement entered into by Guangzhou Dayu Kuaile Information Technology Co., Ltd. (the “VIE Shareholder”) and Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) on December 29, 2021; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB11,309,084.96, which shall only be used for uses approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business;

10. loan agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Taobao (China) Software Co., Ltd. (the “WFOE”) on August 16, 2018; the agreement will expire upon (i) 20 years from the effective date of the loan agreement, (ii) upon the expiry of the business term of the WFOE, or (iii) upon the expiry of the business term of Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE”), whichever is earlier; the aggregate principal amount under the loan agreement is RMB50,000,000, which shall only be used for operation activities approved by the WFOE; the VIE Shareholder made representations in the agreement that, among other things, it shall not cause the VIE to borrow from a third party or assume any debt, except for indebtedness of no more than RMB100,000, individually or in aggregate in six consecutive months, arising in the ordinary course of business.

II. Exclusive Call Option Agreement Schedule

The material differences in the exclusive call option agreements by and among the VIE Shareholders, the VIEs and the WFOEs in connection with our contractual arrangements for the representative variable interest entities and their respective equity holders are set forth below.

1. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Zhejiang Tmall Technology Co., Ltd. (the “WFOE”) and Zhejiang Tmall Network Co., Ltd. (the “VIE”) on January 10, 2018; the agreement is effective upon signing and becomes null and void when all of the
equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

2. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019; the agreement is effective from January 4, 2019 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

3. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019; the agreement is effective from January 4, 2019 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

4. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019; the agreement is effective from January 4, 2019 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

5. exclusive call option agreement entered into by Hangzhou Baoxuan Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019; the agreement is effective from January 4, 2019 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

6. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Alibaba (China) Co. Ltd. (the “WFOE”) and Hangzhou Ali Venture Capital Co., Ltd. (the “VIE”) on April 9, 2020; the agreement is effective from April 9, 2020 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

7. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Alibaba (China) Co. Ltd. (the “WFOE”) and Hangzhou Ali Venture Capital Co., Ltd. (the “VIE”) on April 9, 2020; the agreement is effective from April 9, 2020 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);

8. exclusive call option agreement entered into by Alibaba Culture Entertainment Co. Ltd. and Guangzhou Dayu Kuaile Information Technology Co., Ltd. (collectively, the “VIE Shareholders”), Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) and Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”) on December 29, 2021; the agreement is effective from December 29, 2021 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s);
9. exclusive call option agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE”) on August 16, 2018; the agreement is effective from April 27, 2028 and becomes null and void when all of equity interests and assets of the VIE have been transferred to the WFOE and/or its designated entity(ies) or individual(s).

III. Proxy Agreement Schedule

The material differences in the proxy agreements by and among the VIE Shareholders, the VIEs and the WFOEs in connection with our contractual arrangements for the representative variable interest entities and their respective equity holders are set forth below.

1. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd., Zhejiang Tmall Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd. on January 10, 2018; the agreement has a term of 20 years, subject to automatic renewal;

2. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd., Taobao (China) Software Co., Ltd. and Zhejiang Taobao Network Co., Ltd. on January 4, 2019; the agreement became effective on January 4, 2019 and has a term of 20 years, subject to automatic renewal;

3. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd., Zhejiang Alibaba Cloud Computing Ltd. and Alibaba Cloud Computing Ltd. on July 19, 2018; the agreement became effective on July 16, 2018 and has a term of 20 years, subject to automatic renewal;

4. proxy agreement entered into by Hangzhou Baoxuan Investment Management Co., Ltd., Beijing Youku Technology Co., Ltd. and Alibaba Culture Entertainment Co, Ltd. on November 15, 2021; the agreement became effective on November 15, 2021 and has a term of 20 years, subject to automatic renewal;

5. proxy agreement entered into by Hangzhou Alibaba Venture Capital Management Co., Ltd., Rajax Network Technology (Shanghai) Co., Ltd. and Shanghai Rajax Information Technology Co., Ltd. on May 8, 2018; the agreement became effective on May 8, 2018 and has a term of 20 years, subject to automatic renewal;

6. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd., Alibaba (China) Co. Ltd. and Hangzhou Ali Venture Capital Co., Ltd. on April 9, 2020; the agreement became effective on April 9, 2020 and has a term of 20 years, subject to automatic renewal;

7. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd., Beijing Alibaba Cloud Computing Technology Ltd. and Alibaba Cloud Computing (Beijing) Co., Ltd. on October 18, 2018; the agreement became effective on October 18, 2018 and has a term of 20 years, subject to automatic renewal;

8. proxy agreement entered into by Alibaba Culture Entertainment Co. Ltd. and Guangzhou Dayu Kuailie Information Technology Co., Ltd. (collectively, the “VIE Shareholders”), Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) and Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”) on December 29, 2021; the agreement became effective on December 29, 2021 and has a term of 20 years, subject to automatic renewal;
9. proxy agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE”) on August 16, 2018; the agreement became effective on April 27, 2018 and has a term of 20 years, subject to automatic renewal.

IV. Equity Pledge Agreement Schedule

The material differences in the equity pledge agreements entered into by and among the VIE Shareholders, the VIEs and the WFOEs in connection with our contractual arrangements for the representative variable interest entities and their respective equity holders are set forth below.

1. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Zhejiang Tmall Technology Co., Ltd. (the “WFOE” and the “pledgee”) and Zhejiang Tmall Network Co., Ltd. (the “VIE”) on January 10, 2018, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

2. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Taobao (China) Software Co., Ltd. (the “WFOE” and the “pledgee”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

3. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Zhejiang Alibaba Cloud Computing Ltd. (the “WFOE” and the “pledgee”) and Alibaba Cloud Computing Ltd. (the “VIE”) on July 19, 2018, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements.

4. equity pledge agreement entered into by Hangzhou Baoxuan Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Beijing Youku Technology Co., Ltd. (the “WFOE” and the “pledgee”) and Alibaba Culture Entertainment Co, Ltd. (the “VIE”) on November 15, 2021, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

5. equity pledge agreement entered into by Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Rajax Network Technology (Shanghai) Co., Ltd. (the “WFOE” and the “pledgee”) and Shanghai Rajax Information Technology Co., Ltd. (the “VIE”) on May 8, 2018, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

6. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Alibaba (China) Co. Ltd. (the “WFOE” and the “pledgee”) and Hangzhou Ali Venture Capital Co., Ltd. (the “VIE”) on April 9, 2020, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

7. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder” and the “pledgor”), Beijing Alibaba Cloud Computing Technology Ltd. (the “WFOE” and the “pledgee”) and Alibaba
8. equity pledge agreement entered into by Alibaba Culture Entertainment Co. Ltd. (the “VIE Shareholder”), Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) and Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”) on December 29, 2021, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

9. equity pledge agreement entered into by Guangzhou Dayu Kuaile Information Technology Co., Ltd. (the “VIE Shareholder”), Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) and Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”) on December 29, 2021, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements;

10. equity pledge agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”), Taobao (China) Software Co., Ltd. (the “WFOE”) and Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE”) on August 16, 2018, which secures the performance of the obligations of the VIE Shareholder under the contractual arrangements.

V. Exclusive Services Agreement Schedule

The material differences in the exclusive services agreements by and among the VIEs and the WFOEs in connection with our contractual arrangements for the representative variable interest entities and their respective equity holders are set forth below.

1. exclusive services agreement entered into by Zhejiang Tmall Technology Co., Ltd. (the “WFOE”) and Zhejiang Tmall Network Co., Ltd. (the “VIE”) on January 10, 2018; the agreement became effective on January 10, 2018 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

2. exclusive services agreement entered into by Taobao (China) Software Co., Ltd. (the “WFOE”) and Zhejiang Taobao Network Co., Ltd. (the “VIE”) on January 4, 2019; the agreement became effective on January 4, 2019 subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

3. exclusive services agreement entered into by Zhejiang Alibaba Cloud Computing Ltd. (the “WFOE”) and Alibaba Cloud Computing Ltd. (the “VIE”) on July 19, 2018; the agreement became effective on July 16, 2018 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE,
which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

4. exclusive services agreement entered into by Beijing Youku Technology Co., Ltd. (the “WFOE”) and Alibaba Culture Entertainment Co., Ltd. (the “VIE”) on November 15, 2021; the agreement became effective on November 15, 2021 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

5. exclusive services agreement entered into by Rajax Network Technology (Shanghai) Co., Ltd. (the “WFOE”) and Shanghai Rajax Information Technology Co., Ltd. (the “VIE”) on May 8, 2018; the agreement became effective on May 8, 2018 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

6. exclusive services agreement entered into by Alibaba (China) Co. Ltd. (the “WFOE”) and Hangzhou Ali Venture Capital Co., Ltd. (the “VIE”) on April 9, 2020; the agreement became effective on April 9, 2020 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

7. exclusive services agreement entered into by Hangzhou Zhenxi Investment Management Co., Ltd. (the “VIE Shareholder”) and Beijing Alibaba Cloud Computing Technology Ltd. (the “WFOE”) and Alibaba Cloud Computing (Beijing) Co., Ltd. (the “VIE”) on October 18, 2018 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

8. exclusive services agreement entered into by Yidian Lingxi Information Technology (Guangzhou) Co., Ltd. (the “WFOE”) and Guangzhou Lingxi Games Information Technology Co., Ltd. (the “VIE”) on December 29, 2021 and has a term of 20 years subject to automatic renewal; subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle;

9. exclusive services agreement entered into by Taobao (China) Software Co., Ltd. (the “WFOE”) and Hangzhou Alibaba Venture Capital Management Co., Ltd. (the “VIE”) on August 16, 2018 and has a term of 20 years subject to automatic renewal;
subject to compliance with mandatory provisions of laws and regulations, the scope of services and the amount of service fees may be determined and adjusted by the WFOE and the VIE based on suggestions made by the WFOE, which shall not be refused by the VIE without reasonable grounds, from time to time; the service fees are payable on an annual basis in principle.
16 May 2023

ALIBABA GROUP HOLDING LIMITED
as the Company

Citicorp International Limited
as Agent

THIRD AMENDMENT AND RESTATEMENT AGREEMENT
in respect of a
US$4,000,000,000 Facility Agreement
dated 9 March 2016 as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019

Freshfields Bruckhaus Deringer
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THIS THIRD AMENDMENT AND RESTATEMENT AGREEMENT (this Agreement) is dated 2023 and made between:

(1) ALIBABA GROUP HOLDING LIMITED (the Company); and

(2) CITICORP INTERNATIONAL LIMITED as facility agent of the Finance Parties (other than itself) (the Agent).

WHEREAS:

(A) This Agreement is supplemental to and amends the facility agreement dated 9 March 2016 between, among others, the Company and the Agent, as amended by a syndication and amendment agreement dated 3 May 2016 between, among others, the Company and the Agent, and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 between the Company and the Agent (the Original Facility Agreement).

(B) The Agent is authorised and has been instructed to execute this Agreement on behalf of the Finance Parties pursuant to clause 32 (Amendments and waivers) of the Original Facility Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

Consent Request means the consent request dated 17 February 2023 delivered by the Company to the Agent in connection with the amendments, consent and waivers set out in this Agreement;

Final Third Amendment Effective Date means the later of (i) 31 May 2023 or such later date that is the last day of an Interest Period in respect of the Loan as may be agreed by the Company and the Agent and (ii) the date on which the Agent confirms it has received all of the documents and other evidence listed in Schedule 1 (Conditions Precedent);

Party means a party to this Agreement; and

Third Amended and Restated Facility Agreement means the Original Facility Agreement, as amended and restated by this Agreement.

Save as defined in this Agreement, words and expressions defined in the Original Facility Agreement shall have the same meanings in this Agreement.

1.3 Paragraphs (a)(i)-(iv), (a)(vi)-(xiii) and (b) of clause 1.2 (Construction) and clauses 1.3 (Third Party rights), 28 (Notices), 30 (Partial invalidity) and 31 (Remedies and waivers) of the Original Facility Agreement shall be deemed to be incorporated into this Agreement save that references in the Original Facility Agreement to “this Agreement” shall be construed as references to this Agreement, references in the Original Facility Agreement to “Parties” shall be construed as references to the Parties and cross references to specified clauses thereof are references to the equivalent clauses set out or incorporated herein.

1.4 This Agreement constitutes a Finance Document for the purposes of the Original Facility Agreement and the Third Amended and Restated Facility Agreement.
2. **AMENDMENT**

With effect from the date of this Agreement, the Original Facility Agreement shall be amended by replacing “Lenders whose Commitments aggregate more than eighty per cent. (80%) of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than eighty per cent. (80%) of the Total Commitments prior to that reduction)” in paragraph (d)(iii) of clause 32.7 (Replacement of Lender) with “the Majority Lenders”.

3. **RESTATEMENT**

3.1 With effect from the Final Third Amendment Effective Date, the Original Facility Agreement shall be amended and restated such that it shall be read and construed for all purposes as set out in Schedule 2 (Third Amended and Restated Facility Agreement) and all references therein to “this Agreement” shall be to the Original Facility Agreement as amended and restated by this Agreement.

3.2 The Company makes each of the representations and warranties set out in clause 17 (Representations) of the form of Third Amended and Restated Facility Agreement on the Final Third Amendment Effective Date by reference to the facts and circumstances then existing.

4. **CONSENTS AND WAIVERS**

The Agent hereby agrees on behalf of each Finance Party that the reference in paragraph (b)(iii) of clause 32.7 (Replacement of Lender) of the Original Facility Agreement to “in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 Business Days after the date on which that Lender is deemed a Non-Consenting Lender” shall be replaced with the reference to “in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than the Final Third Amendment Effective Date” in respect of the amendments set out in or contemplated by this Agreement which require the approval of all the Lenders. For the avoidance of doubt, nothing in this Clause 4 shall apply in case of any other waiver or amendment that the Company may request in connection with the Finance Documents.

5. **INTEREST PERIOD**

The Company hereby agrees to ensure that 31 May 2023 is the last day of an Interest Period for the Loan.

6. **FEES AND EXPENSES**

6.1 The Company shall pay an amount equal to the aggregate Consent Fees (as defined in the Consent Request) payable in accordance with the Consent Request to the Agent for the account of each applicable Lender within 15 Business Days after the Final Third Amendment Effective Date.

6.2 The Company shall reimburse the Agent for (or pay on its behalf) its reasonable costs and expenses (including legal fees) incurred in connection with the Consent Request and the amendments contemplated by this Agreement within five Business Days of demand.

7. **RECOGNITION OF HONG KONG STAY POWERS**

7.1 Notwithstanding anything to the contrary in this Agreement or any other Finance Document or any other agreement, arrangement or understanding between the Parties relating to this Agreement, each of the Parties (other than any Excluded Counterparties) expressly
agrees to be bound by any suspension of any termination right in relation to this Agreement imposed by the Hong Kong Resolution Authority in accordance with section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, to the same extent as if this Agreement was governed by the laws of Hong Kong.

7.2 For the purpose of this Clause 7:

**Excluded Counterparty** means any Party which is (a) a financial market infrastructure; (b) the Hong Kong Monetary Authority; (c) the Government of the Hong Kong Special Administrative Region; (d) the government of a jurisdiction other than Hong Kong; or (e) the central bank of a jurisdiction other than Hong Kong; and

**Hong Kong Resolution Authority** means the resolution authority in Hong Kong in relation to a banking sector entity from time to time, which is currently the Hong Kong Monetary Authority.

8. **MISCELLANEOUS**

8.1 This Agreement is a Finance Document.

8.2 This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8.3 The provisions of the Original Facility Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

9. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10. **ENFORCEMENT**

10.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute to any non-contractual obligations arising from or in connection with this Agreement and any dispute relating to the existence, validity or termination of this Agreement) (a *Dispute*).

10.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

10.3 This Clause 10 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

This Agreement has been entered into on the date stated at the beginning of this Agreement.
SCHEDULE 1

CONDITIONS PRECEDENT

1. **Company**

   (a) A copy of the constitutional documents of the Company (comprising, its currently effective memorandum and articles of association, certificate of incorporation (and certificate(s) of incorporation on change of name, if any), register of directors and register of mortgages and charges).

   (b) An extract of a resolution of the board of directors of the Company:

      (i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute this Agreement;

      (ii) authorising a specified person or persons to execute this Agreement on its behalf;

      (iii) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with this Agreement.

   (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

   (d) A certificate from the Company (signed by an authorised signatory) confirming that borrowing the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded.

   (e) A certificate of an authorised signatory of the Company certifying that each copy document specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

   (f) A copy of a certificate of good standing of the Company dated within one month prior to the Final Third Amendment Effective Date.

   (g) A copy of a certificate of incumbency (or registered officer provider’s certificate) from the registered officer provider of the Company dated within one month prior to the Final Third Amendment Effective Date.

2. **Finance Document**

   A copy of this Agreement (duly executed and delivered by all parties thereto).

3. **Legal opinions**

   (a) A legal opinion as to English law from Freshfields Bruckhaus Deringer in relation to this Agreement, addressed to the Agent and the Lenders in form and substance satisfactory to the Agent and the Lenders (acting reasonably).
(b) A legal opinion as to Cayman Islands law from Maples and Calder, addressed to the Agent and the Lenders and in form and substance satisfactory to the Agent and the Lenders (acting reasonably).

4. **Other documents and evidence**

(a) Evidence that the process agent referred to in clause 36.2 (*Service of Process*) of the Original Facility Agreement has accepted its appointment in respect of the full term of the Facility under the Third Amended and Restated Facility Agreement.

(b) A copy of the Group Structure Chart.

(c) Evidence that all the Lenders have consented or agreed to the amendments and waivers set out in or contemplated by this Agreement which require the approval of all the Lenders.
THIRD AMENDED AND RESTATED FACILITY AGREEMENT
9 March 2016
(as amended by a syndication and amendment agreement dated 3 May 2016 and
as further amended and restated by an amendment and restatement agreement
dated 29 May 2019 and an amendment and restatement agreement dated ____ 16
May 2023 respectively)

ALIBABA GROUP HOLDING LIMITED
arranged by
THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Third Restatement Effective Date Mandated Lead Arrangers & Bookrunners

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Third Restatement Effective Date Mandated Lead Arrangers

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Third Restatement Effective Date Lead Arrangers

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Third Restatement Effective Date Lenders

with

CITICORP INTERNATIONAL LIMITED
as Agent

US$4,000,000,000
FACILITY AGREEMENT
for
ALIBABA GROUP HOLDING LIMITED

Freshfields Bruckhaus Deringer
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THIS AGREEMENT is dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated May 2023 respectively and made between:

(1) ALIBABA GROUP HOLDING LIMITED (the "Company");

(2) BANK OF CHINA LIMITED MACAU BRANCH; BANK OF CHINA (HONG KONG) LIMITED; THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED; BANK OF COMMUNICATIONS (HONG KONG) LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY); BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH; BANK OF COMMUNICATIONS CO., LTD. OFFSHORE BANKING UNIT; STANDARD CHARTERED BANK (HONG KONG) LIMITED; CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED and HANG SENG BANK LIMITED (whether acting individually or together, the "Third Restatement Effective Date Mandated Lead Arrangers & Bookrunners");

(3) AGRICULTURAL BANK OF CHINA LTD., NEW YORK BRANCH; DBS BANK LTD.; DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG); INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED; CITIBANK, N.A., HONG KONG BRANCH (ORGANIZED UNDER THE LAWS OF THE U.S.A WITH LIMITED LIABILITY); JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH; CREDIT SUISSE AG, SINGAPORE BRANCH; MORGAN STANLEY BANK, N.A.; THE NORINCHUKIN BANK, SINGAPORE BRANCH; CHINA CITIC BANK INTERNATIONAL LIMITED; OVERSEA-CHINESE BANKING CORPORATION LIMITED (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY); BARCLAYS BANK PLC and CAIXABANK, S.A. (whether acting individually or together, the "Third Restatement Effective Date Mandated Lead Arrangers");

(4) NANYANG COMMERCIAL BANK, LIMITED; THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.; CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA); DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH); CATHAY UNITED BANK, TAIWAN BRANCH; MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH; CHINA MERCHANTS BANK CO., LTD., HONG KONG BRANCH, A JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY and CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HONG KONG BRANCH (INCORPORATED IN FRANCE WITH LIMITED
LIABILITY) (whether acting individually or together, the Third Restatement Effective Date Lead Arrangers and, together with the Third Restatement Effective Date Mandated Lead Arrangers & Bookrunners and the Third Restatement Effective Date Mandated Lead Arrangers, the Third Restatement Effective Date Arrangers);

(5) THE FINANCIAL INSTITUTIONS listed in Part C (The Third Restatement Effective Date Lenders) of Schedule 1 (The Lenders) as lenders (the Third Restatement Effective Date Lenders); and

(6) CITICORP INTERNATIONAL LIMITED as agent of the Finance Parties (other than itself) (the Agent).

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

**Acceptable Bank** means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB- or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(b) any other bank or financial institution approved by the Agent (acting on the instructions of the Majority Lenders);

**Accordion Lender** has the meaning given to that term in Clause 2.3 (Additional Commitments);

**Accounting Principles** means, in relation to the Company, US GAAP or IFRS;

**Additional Commitment** means:

(a) in relation to an entity identified as a Lender in an Additional Commitment Notice, the amount set opposite its name under the heading “Additional Commitment” in such Additional Commitment Notice and the amount of any other Additional Commitment transferred to it under this Agreement; or

(b) in relation to any other Lender, the amount of any Additional Commitment transferred to it under this Agreement to the extent not cancelled, reduced or transferred by it under this Agreement;

**Additional Commitment Fee Letter** means each fee letter entered into between the Company and, if applicable, the Lenders or other banks which commit Additional Commitments;
**Additional Commitment Notice** means a notice substantially in the form set out in Schedule 9 (Form of Additional Commitment Notice) delivered by the Company to the Agent in accordance with Clause 2.3 (Additional Commitments);

**Administrative Party** means each of the Agent and the Arrangers;

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

**APLMA** means the Asia Pacific Loan Market Association Limited;

**Arranger** means:

(a) prior to the Second Restatement Effective Date, any Original Mandated Lead Arranger;

(b) on or after the Second Restatement Effective Date and prior to the Third Restatement Effective Date, any Second Restatement Effective Date Arranger; and

(c) on or after the Third Restatement Effective Date, any Third Restatement Effective Date Arranger;

**Authorisation** means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

**Availability Period** means:

(a) in respect of the Original Commitments, the period from and including the date of this Agreement to and including the date falling three (3) months after the date of this Agreement; and

(b) in respect of the Increased Commitments, the period from and including the Upsize Effective Date to and including the date falling three (3) months after the Upsize Effective Date;

**Available Commitment** means a Lender’s Commitment minus:

(a) the aggregate amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Utilisation, the aggregate amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date;

**Available Facility** means the aggregate for the time being of each Lender’s Available Commitment;
**Bail-In Action** means the exercise of any Write-down and Conversion Powers;

**Bail-In Legislation** means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation;

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, Singapore and New York; and

(a) (in relation to:

   (i) any date for payment or purchase of an amount relating to a Compounded SOFR Loan; or

   (ii) the determination of the first day or the last day of an Interest Period for a Compounded SOFR Loan, or otherwise in relation to the determination of the length of such an Interest Period),

   which is an RFR Banking Day relating to that Loan or Unpaid Sum; and

(b) (in relation to the fixing of an interest rate for a Term SOFR Loan) which is a US Government Securities Business Day;

**Capital Stock** of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity;

**Central Bank Rate (Compounded SOFR)** has the meaning given to that term in the applicable Compounded Rate Terms;

**Central Bank Rate (Term SOFR)** means the percentage rate per annum which is the aggregate of:

(a) the short-term interest rate target set by the US Federal Open Market Committee as published by the Federal Reserve Bank of New York from time to time or if that target is not a single figure, the arithmetic mean of:
(i) the upper bound of the short-term interest rate target range set by the US Federal Open Market Committee and published by the Federal Reserve Bank of New York; and

(ii) the lower bound of that target range; and

(b) the Central Bank Rate Adjustment (Term SOFR);

Central Bank Rate Adjustment (Compounded SOFR) has the meaning given to that term in the applicable Compounded Rate Terms;

Central Bank Rate Adjustment (Term SOFR) means in relation to the Central Bank Rate (Term SOFR) prevailing at close of business on any US Government Securities Business Day, the 20 per cent trimmed arithmetic mean (calculated by the Agent, or by any other Lender which agrees to do so in place of the Agent) of the Central Bank Rate Spread (Term SOFR) for the five most immediately preceding US Government Securities Business Days for which Term SOFR is available;

Central Bank Rate Spread (Term SOFR) means in relation to any US Government Securities Business Day, the difference (expressed as a percentage rate per annum) calculated by the Agent (or by any other Lender which agrees to do so in place of the Agent) between:

(a) the Daily Simple SOFR for that US Government Securities Business Day, and

(b) the Central Bank Rate (Term SOFR) (but ignoring the reference to this paragraph (b) of the definition of the Central Bank Rate (Term SOFR) prevailing at close of business on that US Government Securities Business Day;

Commitment means:

(a) in relation to an Original Lender, (i) the amount set opposite its name under the heading Commitment in (at any time prior to occurrence of the Upsize Effective Date) Part A (The Original Lenders) of Schedule 1 (The Lenders) or (with effect from the occurrence of the Upsize Effective Date but prior to occurrence of the Second Restatement Effective Date) Schedule 1 (The Lenders) to the Syndication and Amendment Agreement and (ii) the amount of any other Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase) or Clause 2.3 (Additional Commitments);

(b) in relation to a Second Restatement Effective Date Lender, (i) the amount set opposite its name under the heading Commitment in (at any time prior to the occurrence of the Third Restatement Effective Date) Part B (The Second Restatement Effective Date Lenders) of Schedule 1 (The Lenders) and (ii) the amount of any other Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase) or Clause 2.3 (Additional Commitments);
in relation to a Third Restatement Effective Date Lender, (i) the amount set opposite its name under the heading Commitment in Part C (The Third Restatement Effective Date Lenders) of Schedule 1 (The Lenders) and (ii) the amount of any other Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase) or Clause 2.3 (Additional Commitments); and

d) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase) or Clause 2.3 (Additional Commitments) or the Syndication and Amendment Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement;

**Competitors** means Alphabet, Amazon (including Joyo.com), Baidu, eBay (including PayPal), Facebook, Microsoft, Tencent (including Tenpay), JD.com (formerly, 360Buy), Wal-Mart Stores, Inc., Yihaodian, Xiaomi, 58.com, Yahoo! JAPAN (including SoftBank Group), Qihoo 360, Vipshop, Rakuten, Ping An (including Lufax but excluding Ping An Bank), UnionPay, Uber, NetEase, Pinduoduo, Meituan, Sea Limited and iQiyi and each of their controlled Affiliates;

**Compounded Rate Interest Payment** means the aggregate amount of interest that:

(a) is, or is scheduled to become, payable under any Finance Document; and

(b) relates to a Compounded SOFR Loan;

**Compounded Rate Supplement** means a document which:

(a) is agreed in writing by the Company and the Agent (acting on the instructions of the Majority Lenders);

(b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to Compounded Rate Terms; and

(c) has been made available to the Company and each Finance Party;

**Compounded Rate Terms** means the terms set out in Schedule 11 (Compounded Rate Terms) or in any Compounded Rate Supplement;

**Compounded SOFR Reference Rate** means, in relation to any RFR Banking Day during the Interest Period of a Compounded SOFR Loan, the percentage rate per annum which is the aggregate of:

(a) the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day; and

(b) Credit Adjustment Spread;

**Compounded SOFR Loan** means any Loan or, if applicable, Unpaid Sum which is not a Term SOFR Loan;
Compounding Methodology Supplement means, in relation to the Daily Non-Cumulative Compounded RFR Rate, a document which:

(a) is agreed in writing by the Company, the Agent (in its own capacity) and the Agent (acting on the instructions of the Majority Lenders);

(b) specifies a calculation methodology for that rate; and

(c) has been made available to the Company and each Finance Party;

Confidentiality Undertaking means a confidentiality undertaking substantially in a recommended form of the APLMA as set out in Schedule 7 (Form of Confidentiality Undertaking) or in any other form agreed between the Company and the Agent and in any event the benefit of which accrues to the Company as a third party beneficiary;

Consolidated Affiliated Entity of any person means any corporation, association or other entity which is or is required to be consolidated with such person under Accounting Standards Codification subtopic 810-10, Consolidation: Overall (including any changes, amendments or supplements thereto) or, if such person prepares its financial statements in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, Consolidation: Overall under such accounting principles;

Controlled Entity of any person means a Subsidiary or a Consolidated Affiliated Entity of such person;

Credit Adjustment Spread means [REDACTED] per cent per annum;

Daily Non-Cumulative Compounded RFR Rate means, in relation to any RFR Banking Day during an Interest Period for a Compounded SOFR Loan, the percentage rate per annum determined by the Agent (or by any other Finance Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 12 (Daily Non-Cumulative Compounded RFR Rate);

Daily Rate means the rate specified as such in the Compounded Rate Terms;

Daily Simple SOFR means, for any day (a SOFR Rate Day), a rate per annum equal to Overnight SOFR for the day that is five RFR Banking Days prior to (i) if such SOFR Rate Day is a RFR Banking Day, such SOFR Rate Day; (ii) if such SOFR Rate Day is not an RFR Banking Day, the RFR Banking Day immediately preceding such SOFR Rate Day, in each case, as such Overnight SOFR is published by the Overnight SOFR administrator on the Overnight SOFR administrator’s website; or (iii) if Overnight SOFR is not available on either such day set out in (i) or (ii) (as applicable) above, the date on which Overnight SOFR was last available;

Default means an Event of Default or any event or circumstance specified in Clause 20 (Events of Default) which would (with the expiry of a grace period,
the giving of notice or the making of any determination (other than as to materiality) referred to in Clause 20 (Events of Default) be an Event of Default;

**Defaulting Lender** means any Lender:

(a) which has failed to make its participation in a Loan available or has notified the Agent or the Company (which has notified the Agent) that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (Lenders’ participation);

(b) which becomes a Defaulting Lender pursuant to paragraph (a) of Clause 32.7 (Replacement of Lender);

(c) which has otherwise rescinded or repudiated a Finance Document; or

(d) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

   (A) administrative or technical error; or

   (B) a Disruption Event; and,

   payment is made within two Business Days of its due date; or

(ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question;

**Disruption Event** means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;
**Distributable Reserves** means, in relation to an Onshore Group Member which is a WFOE, the retained earnings of such WFOE that may in accordance with any applicable PRC law and regulation and PRC GAAP be distributed to its shareholders outside of the PRC after taking into account all Taxes payable under PRC law and all statutory reserve requirements in the PRC;

**Dormant Subsidiary** means a Group Member which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, any material assets (including, without limitation, indebtedness owed to it);

**EBITDA** means the consolidated income before income tax and share of net losses or gains of equity investees of the Group before taxation (including the results from any discontinued operations):

(a) **before deducting** any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any Group Member (calculated on a consolidated basis);

(b) **not including** any accrued interest owing to any Group Member;

(c) **before taking into account** any Exceptional Items;

(d) **before taking into account** any unrealised gains or losses on any derivative instrument or similar financial instrument (but excluding any derivative instrument which is accounted for on a hedge accounting basis);

(e) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date to which the Original Financial Statements were made up;

(f) **before taking into account** the charge to profit represented by expensing of stock based compensation;

(g) **after adding back** any amount attributable to the amortisation, depreciation or impairment of assets of the Group Members; and

(h) **after excluding** any Excluded Earnings,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining income before income tax and share of net losses or gains of equity investees of the Group before taxation;

**EEA Member Country** means any member state of the European Union, Iceland, Liechtenstein and Norway;

**EU Bail-In Legislation Schedule** means the document described as such and published by the Loan Market Association (or any successor person) from time to time;

**Event of Default** means any event or circumstance specified as such in Clause 20 (Events of Default);
Exceptional Items means any exceptional, one off, non-recurring or extraordinary items including those arising on:

(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
(b) disposals, revaluations or impairment of non-current assets; and
(c) disposals of assets associated with discontinued operations;

Excluded Earnings means any earnings (whether positive or negative) of the Finance Companies and the Project Companies;

Extended Loan means a Loan or part of a Loan in respect of which the Company and the relevant Lender(s) have agreed to amend certain terms pursuant to an Extension Agreement;

Extension Agreement has the meaning given to that term in Clause 32.3 (Extension of Commitments);

Extension Effective Date means the date on which the Agent receives from the Company evidence in form and substance satisfactory to the Agent (acting reasonably) that the approval from the National Development and Reform Commission of the PRC in respect of the Facility (as extended pursuant to the Third Amendment and Restatement Agreement) has been obtained;

Facility means the term loan facility made available under this Agreement as described in Clause 2.1 (The Facility) as such facility may be increased pursuant to Clause 2.3 (Additional Commitments);

Facility Office means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement;

Fallback Interest Payment (Term SOFR) means the aggregate amount of interest that:

(a) is, or is scheduled to become, payable under paragraphs (b), (c) or (d) of Clause 10 (Unavailability of Term SOFR); and
(b) relates to a Term SOFR Loan;

Fee Letter means any letter or letters referring to this Agreement or the Facility between one or more Administrative Parties and the Company setting out any of the fees referred to in Clause 11 (Fees), any letter or letters referring to this Agreement or the Facility between one or more Third Restatement Effective Date Lenders or the Agent and the Company in relation to the Third Amendment and Restatement Agreement and any Additional Commitment Fee Letter;

Final Repayment Date means:

(a) prior to the occurrence of the Extension Effective Date, the date falling sixty (60) months after the Second Restatement Effective Date; and
(b) on and after the occurrence of the Extension Effective Date, the date falling sixty (60) months after the Third Restatement Effective Date;

**Finance Company** means:

(a) Alibaba Financial Holding Limited [F03] and its Subsidiaries (which include, as at the date of this Agreement, Alibaba Financial Investment Holding Limited [F04], Alibaba Financial China Holding Limited [F05] and 浙江阿里巴巴融信网络技术有限公司 (Zhejiang Alibaba Finance Credit Network Technology Co., Ltd.) [F80]);

(b) 浙江阿里巴巴小额贷款股份有限公司 (Zhejiang Alibaba Small Loan Co., Ltd.) [F50];

(b) 深圳市一达通企业服务有限公司 (Shen Zhen One Touch Business Service Ltd.) [B69];

(c) 阿里巴巴(杭州)文化创意有限公司 (Alibaba (Hangzhou) Central Innovation Co., Ltd.) [T68]; and

(b) any other Group Member whose primary function is the provision of merchant, consumer or other credit finance and/or related credit services (including provision of guarantees), which has obtained a small loans lending or other lending, credit, guarantee or comparable licence from the relevant regulator;

**Finance Document** means this Agreement, the Syndication and Amendment Agreement, the Second Amendment and Restatement Agreement, the Third Amendment and Restatement Agreement, the Consent Request (as defined in the Second Amendment and Restatement Agreement), the Consent Request (as defined in the Third Amendment and Restatement Agreement), any Fee Letter, the Syndication Letter, any Utilisation Request, any Additional Commitment Notice, any Compounded Rate Supplement, any Compounding Methodology Supplement and any other document designated as such by the Company and the Agent (or by the Company and the Lenders, provided that the Agent receives notification of such designation);

**Finance Party** means the Agent, an Arranger or a Lender;

**Governmental Agency** means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute);

**Group** means the Company and its Subsidiaries from time to time;

**Group Member** means a member of the Group;

**Group Structure Chart** means the summary group structure chart in the agreed form;

**Historic Term SOFR** means, in relation to any Term SOFR Loan, the most recent Term SOFR for a period equal in length to the Interest Period of that
Term SOFR Loan and which is as of a US Government Securities Business Day which is no more than three US Government Securities Business Days before the Quotation Day;

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary;

**Hong Kong** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**IFRS** means International Financial Reporting Standards as issued by the International Accounting Standards Board;

**Impaired Agent** means the Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (c) of the definition of **Defaulting Lender**; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

   (A) administrative or technical error; or
   (B) a Disruption Event; and

(ii) payment is made within two Business Days of its due date; or

(iii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question;

**Increase Confirmation** means a confirmation substantially in the form set out in Schedule 6 (**Form of Increase Confirmation**);

**Increase Lender** has the meaning given to that term in Clause 2.2 (**Increase**);

**Increased Commitments** means the difference between the Total Commitments as of the Upsize Effective Date and the Original Commitments;

**Indebtedness** means any and all obligations of a person for money borrowed which, in accordance with US GAAP, would be reflected on the balance sheet of such person as a liability on the date as of which Indebtedness is to be determined;

**Indenture** means the indenture dated as of 28 November 2014 in connection with the US$8,000,000,000 notes issued by the Company;
**Indirect Tax** means any goods and services tax, consumption tax, value added tax or any tax of a similar nature;

**Industrial Competitor** means any person which is, or is an Affiliate of, a Competitor, or any person that is acting on behalf of or fronting for any such person, provided that a person will not be considered to be “fronting for” or “acting on behalf of” any such person if such person has confirmed in writing to the relevant Finance Party with a copy to the Company that it is not fronting for or acting on behalf of a Competitor or an Affiliate of a Competitor;

**Insolvency Event** means, in relation to a Finance Party, that the Finance Party:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
(h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or

(j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

**Intellectual Property** means:

(a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and

(b) the benefit of all applications and rights to use such assets of each Group Member (which may now or in the future subsist);

**Interest Period** means, in relation to a Loan, the period determined in accordance with Clause 9 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.4 (Default interest);

**Interpolated Historic Term SOFR** means, in relation to any Term SOFR Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) either:

(i) the most recent Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, the most recent Overnight SOFR for a day which is not more than five, and not less than two, US Government Securities Business Days before the Quotation Day; and

(b) the most recent Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan;
**Interpolated Term SOFR** means, in relation to any Term SOFR Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) either:

(i) Term SOFR (as of the Quotation Day prior to 5:00 p.m. (New York time)) for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, Overnight SOFR for the day that is not more than five, and not less than two, US Government Securities Business Days before the Quotation Day; and

(b) Term SOFR (as of the Quotation Day prior to 5:00 p.m. (New York time)) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan;

**Lender** means:

(a) any Original Lender;

(b) any Second Restatement Effective Date Lender;

(c) any Third Restatement Effective Date Lender; and

(d) any bank or financial institution (or, with the prior written consent of the Company, other person) which has become a Party in accordance with Clause 2.2 (Increase), Clause 2.3 (Additional Commitments) or Clause 21 (Changes to the Lenders),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement;

**Loan** means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan;

**Lookback Period** means the number of days specified as such in the Compounded Rate Terms;

**Major Material Subsidiary** has the meaning given to such term in the definition of Material Subsidiary;

**Majority Lenders** means a Lender or Lenders whose Commitments aggregate more than 50 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent of the Total Commitments immediately prior to the reduction);

**Management** means the chief executive officer, the chief financial officer and the group general counsel of the Company;
Margin means:
(a) at all times prior to the Second Restatement Effective Date, 1.1 per cent per annum;
(b) on and from the Second Restatement Effective Date and prior to the Third Restatement Effective Date, 0.85 per cent per annum; and
(c) on and from the Third Restatement Effective Date, 0.8 per cent per annum;

Material Adverse Effect means a material adverse effect on:
(a) the business, operations, property, condition (financial or otherwise) or results of operations of the Group taken as a whole;
(b) the ability of the Company to perform its payment obligations under the Finance Documents taking into account any support that it may reasonably expect from any other Group Member; or
(c) the validity or enforceability of, or the rights or remedies of any Finance Party under, any of the Finance Documents other than to the extent not materially adverse to the interests of the Finance Parties under the Finance Documents;

Material Subsidiary means, at any time:
(a) a Group Member which:
   (i) is listed in Schedule 5 (Material Subsidiaries); or
   (ii) has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 5 per cent or more of EBITDA, calculated on a consolidated basis (such Group Member, a Major Material Subsidiary); or
(b) each direct or indirect Holding Company (other than the Company) of the persons referred to in paragraph (a) above,

but excluding in each case any Project Company, any Finance Company (and any Holding Company thereof which would not qualify as a Major Material Subsidiary under paragraph (a)(ii) above but for the earnings it receives from any Project Company or Finance Company (as the case may be) in respect of which it is a Holding Company) and any Dormant Subsidiary;

Money Laundering means:
(a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions;
the concealment or disguise of the true nature, source, location, disposition, movement, right with respect to, or ownership of, property knowing that it is derived from a criminal offence; or

(c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence;

**Month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) other than where paragraph (b) below applies:

(i) (subject to paragraph (iii) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end; and

(b) in relation to an Interest Period for any Compounded SOFR Loan (or any other period for the accrual of commission or fees), the rules specified as “Business Day Conventions” in the Compounded Rate Terms shall apply, and

the above rules will apply only to the last Month of any period;

**New Lender** has the meaning given to that term in Clause 21 (Changes to the Lenders);

**Non-recourse Obligation** means Indebtedness or other obligations substantially related to:

(a) the acquisition of assets not previously owned by the Company or any of its Controlled Entities; or

(b) the financing of a project involving the purchase, development, improvement or expansion of properties of the Company or any of its Controlled Entities,

as to which the obligee with respect to such Indebtedness or obligation has no recourse to the Company or any Controlled Entities of the Company or to the Company’s or any such Controlled Entities’ assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof);
**OFAC** means the Office of Foreign Assets Control of the U.S. Department of the Treasury;

**Officer** means the Executive Chairman of the Board, the Executive Vice Chairman, the Chief Executive Officer, the Chief Financial Officer or the Corporate Secretary of the Company or, in the event that the Company is a partnership or a limited liability company that has no such officers, a person duly authorised under applicable law by the general partner, managers, members or a similar body to act on behalf of the Company;

**Officer’s Certificate** means a certificate signed by an Officer of the Company;

**Onshore Group Member** means a Group Member incorporated in the PRC;

**Onshore Material Subsidiary** means an Onshore Group Member which is a Material Subsidiary;

**Original Commitments** means the Total Commitments as of the date of this Agreement, being US$3,000,000,000;

**Original Financial Statements** means the audited consolidated financial statements of the Group for the financial year ended 31 March 2015;

**Original Lenders** means the financial institutions listed in Part A (The Original Lenders) of Schedule 1 (The Lenders);

**Original Mandated Lead Arrangers** means AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED; CITIGROUP GLOBAL MARKETS ASIA LIMITED; CREDIT SUISSE AG, SINGAPORE BRANCH; DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH), GOLDMAN SACHS BANK USA; JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH; MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH; and MORGAN STANLEY ASIA LIMITED;

**Overnight SOFR** means the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate);

**Participant** means each person to whom a Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents by way of a Participation Agreement;

**Participation Agreement** means each agreement or letter (including, without limitation, a fee letter) between a Lender and a Participant under which the Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents, directly or indirectly, whether by sub-participation, credit derivative (including a credit default swap or credit linked
note), total return swap or in any other way but excluding any transfer or novation of any of a Lender’s Commitments and/or rights and/or obligations in accordance with Clause 21.1 (Transfers by the Lenders);

**Party** means a party to this Agreement;

**PRC** means the People’s Republic of China, excluding for these purposes Hong Kong, the Macau Special Administrative Region and Taiwan;

**PRC GAAP** means generally accepted accounting principles of the PRC;

**Preferred Shares** applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up;

**Principal Controlled Entities** means one of the Company’s Controlled Entities:

(a) as to which one or more of the following conditions is/are satisfied:

   (i) its total revenue or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated total revenue attributable to the Group is at least 5 per cent of the consolidated total revenue of the Group;

   (ii) its net profit or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated net profit attributable to the Group (in each case before taxation and Exceptional Items) is at least 5 per cent of the consolidated net profit (before taxation and Exceptional Items) of the Group; or

   (iii) its net assets or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated net assets attributable to the Group (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent of its consolidated net assets of the Group (after deducting minority interests in Subsidiaries of the Company);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Controlled Entity of the Company and the then latest audited consolidated financial statements of the Company;

provided that, in relation to paragraphs (i), (ii) and (iii) above:

(A) for the purpose of this definition only, **Group** means the Company and its Controlled Entities; and

(B) (1) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial period to which the Company’s latest consolidated audited accounts relate, the reference to the then latest consolidated audited accounts of the Company
and the Controlled Entities for the purposes of the calculation above shall, until the Company consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Company and the Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity which itself has Controlled Entities) of such Controlled Entity in such accounts;

(2) if at any relevant time in relation to the Company or any Controlled Entity which itself has Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Company and/or any such Controlled Entity shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Company;

(3) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared for this purpose by or on behalf of the Company; and

(4) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (1) above) are not consolidated with the Company’s accounts, then the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the Company’s consolidated accounts (determined on the basis of the foregoing); or

(b) that Principal Controlled Entity merges with or into, or to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (a) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity;

**Prohibited Transferee** means, in respect of any transfer or sub-participation:

(a) an Industrial Competitor; or
(b) any person which is not a bank or financial institution and which has not been specifically approved in writing by the Company;

**Project Company** means:

(a) Alibaba Group Properties Limited [A08] and each of its Subsidiaries as at the date of this Agreement; and

(b) any other Group Member which is (i) established or acquired after the date of this Agreement; (ii) capitalised with equity funded by equity or shareholder loans from, or on behalf of, the Company or one of its Subsidiaries; and (iii) established or acquired to develop a specific asset or project;

**Quotation Day** means in relation to any period for which an interest rate is to be determined for any Term SOFR Loan, two US Government Securities Business Days before the first day of that period, unless market practice differs in the relevant syndicated loans market, in which case the Quotation Day will be determined by the Agent in accordance with that market practice (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days);

**Quoted Tenor** means any period for which Term SOFR is customarily displayed on the relevant page or screen of an information service;

**Rate Switch Date (Compounded SOFR)** has the meaning given to that term in Clause 8.6 *(Rate switch)*;

**Rate Switch Date (Term SOFR)** has the meaning given to that term in Clause 8.6 *(Rate switch)*;

**Rate Switch Notice (Term SOFR)** means a notice substantially in the form set out in Schedule 10 *(Form of Rate Switch Notice (Term SOFR))*;

**Relevant Indebtedness** means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but shall exclude any bank debt, bank loans or securitisations;

**Relevant Jurisdiction** means, in relation to the Company:

(a) its jurisdiction of incorporation; and

(b) any jurisdiction where it conducts a material part of its business;

**Relevant Market** means:

(a) in relation to a Compounded SOFR Loan, the market specified as such in the Compounded Rate Terms; and

(b) in relation to a Term SOFR Loan, the market for overnight cash borrowing collateralised by US Government securities;
Repeating Representations means each of the representations set out in Clauses 17.1 (Status) to 17.6 (Governing law and enforcement), Clause 17.9 (No default), Clause 17.10 (No misleading information), paragraphs (a) and (b) of Clause 17.11 (Financial statements), Clause 17.19 (Good title to assets), paragraph (b) of Clause 17.20 (Bribery, Anti-corruption) and paragraph (b) of Clause 17.22 (Money Laundering);

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers;

RFR means the rate specified as such in the Compounded Rate Terms;

RFR Banking Day means any day specified as such in the Compounded Rate Terms;

Sanctions means any sanctions, restrictions or embargoes imposed or enforced by the United Nations Security Council, the European Union, the State Secretariat for Economic Affairs of Switzerland, OFAC, the State Department of the United States, the Bureau of Industry Security of the U.S. Department of Commerce, HM Treasury of the United Kingdom, the Hong Kong Monetary Authority, the Monetary Authority of Singapore and the Department of Foreign Affairs and Trade of Australia, the Government of Japan, Japan Ministry of Finance, or any sanctions measures under the Iran Sanctions Act, as amended, the Comprehensive Iran Sanctions and Divestment Act of 2010, the Iran Threat Reduction and Syria Human Rights Act, the U.S. National Defense Authorization Act for Fiscal Year 2012, the U.S. National Defense Authorization Act for Fiscal Year 2013, the Iran Freedom and Counter-Proliferation Act of 2012, the U.S. Trading With the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. Syria Accountability and Lebanese Sovereignty Act, U.S. Executive Order 13959, U.S. Executive Order 13971 (with respect to U.S. Executive Order 13971, except as disclosed in the 20-F filing of the Company) or any other executive order, directive or regulation, as may be amended or supplemented, pursuant to the authority of any of the foregoing, including the regulations of the U.S. Department of the Treasury set forth under 31 CFR, Subtitle B, Chapter V, or any order or licenses issued thereunder and any other sanctions administered by any governmental entity which is notified to the Company or a Controlled Entity by the Agent;

Second Amendment and Restatement Agreement means the amendment and restatement agreement dated 29 May 2019 between the Company and the Agent;

Second Restatement Effective Date means 31 May 2019;

Second Restatement Effective Date Arranger means AGRICULTURAL BANK OF CHINA LTD., NEW YORK BRANCH; AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED; BANK OF CHINA (HONG KONG) LIMITED; BANK OF CHINA LIMITED MACAU BRANCH; BANK OF COMMUNICATIONS CO., LTD. HONG KONG BRANCH; BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH; BANK OF COMMUNICATIONS CO., LTD. OFFSHORE BANKING UNIT; CATHAY UNITED BANK, TAIWAN BRANCH; CHINA CONSTRUCTION BANK
(ASIA) CORPORATION LIMITED; CHINA MERCHANTS BANK CO., LTD., HONG KONG BRANCH, A JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY; CHINA MERCHANTS CO., LTD., OFFSHORE BANKING CENTER; CITIGROUP GLOBAL MARKETS ASIA LIMITED; CREDIT SUISSE AG, SINGAPORE BRANCH; DBS BANK LTD., HONG KONG BRANCH; E. SUN COMMERCIAL BANK, LTD., HONG KONG BRANCH; GOLDMAN SACHS BANK USA; HANG SENG BANK LIMITED INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED; JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH; KGI BANK; THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.; MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH; MORGAN STANLEY ASIA LIMITED NANYANG COMMERCIAL BANK, LIMITED; OVERSEA-CHINESE BANKING CORPORATION LIMITED (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY); SHINKIN CENTRAL BANK; STANDARD CHARTERED BANK (HONG KONG) LIMITED; SUMITOMO MITSUI BANKING CORPORATION; TAISHIN INTERNATIONAL BANK; THE BANK OF EAST ASIA, LIMITED; THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED; THE NORINCHUKIN BANK, SINGAPORE BRANCH; WELLS FARGO BANK, NATIONAL ASSOCIATION AND WING LUNG BANK, LIMITED;

**Second Restatement Effective Date Lenders** means the financial institutions listed in Part B (The Second Restatement Effective Date Lenders) of Schedule 1 (The Lenders);

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person;

**Selection Notice** means a notice substantially in the form set out in Part B (Selection Notice) of Schedule 3 (Requests) given in accordance with Clause 9 (Interest Periods);

**Separate Loans** has the meaning given to such term in Clause 6.2 (Repayment);

**Subsidiary** of any person means:

(a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50 per cent of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions); or

(b) any partnership, joint venture limited liability company or similar entity of which more than 50 per cent of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable,
is, in the case of paragraphs (a) and (b) above, voting at the time owned or controlled, directly or indirectly, by (1) such person; (2) such person and one or more Subsidiaries of such Person; or (3) one or more Subsidiaries of such person. For the avoidance of doubt, references to a Subsidiary or Subsidiaries exclude any Finance Company or Project Company whose financial results are not consolidated with those of the Company in accordance with the Accounting Principles;

**Syndication and Amendment Agreement** means the syndication and amendment agreement between (among others) the Company, the Original Lenders and the Agent;

**Syndication Letter** means the syndication letter dated the date of this Agreement between the Agent, the Original Mandated Lead Arrangers and the Company;

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure by the Company to pay or any delay by the Company in paying any of the same);

**Tax Deduction** has the meaning given to such term in Clause 12.1 (Tax definitions);

**Term SOFR** means the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate);

**Term SOFR Blocking Event** means, at the relevant time, any Lender not holding the requisite licence(s) issued by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) to fund or maintain its participation in any Term SOFR Loan (and as of the date of the Third Amendment and Restatement Agreement, such Lender is Bank of Communications Co., Ltd. Offshore Banking Unit);

**Term SOFR Loan** means, subject to Clause 8.7 (Delayed switch for existing Compounded SOFR Loans), any Loan or, if applicable, Unpaid Sum which is, or becomes, a “Term SOFR Loan” pursuant to paragraph (c) of Clause 8.5 (Compounded SOFR Loans and Terms SOFR Loans) or paragraph (c) of Clause 8.6 (Rate switch) and which has not ceased to be a “Term SOFR Loan” pursuant to paragraph (d) of Clause 8.6 (Rate switch) as a result of the occurrence of a subsequent Rate Switch Date (Compounded SOFR);

**Term SOFR Reference Rate** means, in relation to any Term SOFR Loan:

(a) Term SOFR as of 5:00 p.m. (New York time) on the Quotation Day and for a period equal in length to the Interest Period of that Term SOFR Loan; or

(b) as otherwise determined pursuant to Clause 10 (Unavailability of Term SOFR),
and if, in either case, the aggregate of that rate and the Credit Adjustment Spread is less than zero, the Term SOFR Reference Rate shall be deemed to be such a rate that the aggregate of the Term SOFR Reference Rate and the Credit Adjustment Spread is zero;

**Third Amendment and Restatement Agreement** means the amendment and restatement agreement dated May 2023 between the Company and the Agent;

**Third Restatement Effective Date** has the meaning given to the term “Final Third Amendment Effective Date” in the Third Amendment and Restatement Agreement;

**Total Commitments** means the aggregate of the Commitments (being US$3,000,000,000 at the date of this Agreement, and US$4,000,000,000 at the Upsize Effective Date);

**Transfer Certificate** means a certificate substantially in the form set out in Schedule 4 (Form of Transfer Certificate) or any other form agreed between the Agent and the Company;

**Transfer Date** means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Transfer Certificate; and

(b) the date on which the Agent executes the relevant Transfer Certificate;

**UK Bail-In Legislation** means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

**Unpaid Sum** means any sum due and payable but unpaid by the Company under the Finance Documents;

**Upsize Effective Date** means 5 May 2016;

**US Dollar or US$** denote the lawful currency of the United States of America;

**US GAAP** means generally accepted accounting principles in the United States of America;

**US Government Securities Business Day** means any day other than:

(a) a Saturday or a Sunday; and

(b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities;

**Utilisation** means a utilisation of the Facility;
**Utilisation Date** means the date of a Utilisation, being the date on which the relevant Loan is to be made;

**Utilisation Request** means a notice substantially in the form set out in Part A (Utilisation Request) of Schedule 3 (Requests);

**WFOE** means a wholly foreign owned enterprise incorporated in the PRC; and

**Write-down and Conversion Powers** means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:
any Administrative Party, the Agent, any Arranger, any Finance Party, any Lender or any Party shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

a document in agreed form is a document which is in the form previously agreed in writing by or on behalf of the Company and the Original Mandated Lead Arrangers prior to the date of this Agreement or, on behalf of the Company and the Agent (acting on the instructions of the Majority Lenders);

assets includes present and future properties, revenues and rights of every description;

a Finance Document or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

the date of this Agreement is a reference to 9 March 2016;

including shall be construed as including without limitation (and cognate expressions shall be construed similarly);

indebtedness includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a Lender’s participation in a Loan or Unpaid Sum includes an amount representing the fraction or portion (attributable to such Lender by virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and the Lender’s rights under this Agreement in respect thereof;

a person includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law, but if not having the force of law, which is generally complied with by those to whom it is addressed) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

any notation after the name of a Group Member refers to the number for that Group Member as specified in the Group Structure Chart;

a provision of law is a reference to that provision as amended or re-enacted; and
(xiii) a time of day is a reference to Hong Kong time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default or an Event of Default is **continuing** if it has not been remedied or waived.

(e) No person shall incur any personal liability whatsoever in connection with the issuance of a certificate, on behalf of the Company, pursuant to the terms of a Finance Document.

(f) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:

   (i) any replacement page of that information service which displays that rate; and

   (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,

and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Agent after consultation with the Company.

(g) A reference in this Agreement to a Central Bank Rate (Compounded SOFR) or Central Bank Rate (Term SOFR) shall include any successor rate to, or replacement rate for, that rate.

(h) Any Compounded Rate Supplement overrides anything in:

   (i) Schedule 11 (**Compounded Rate Terms**); or

   (ii) any earlier Compounded Rate Supplement.

(i) A Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate overrides anything relating to that rate in:

   (i) Schedule 12 (**Daily Non-Cumulative Compounded RFR Rate**); or

   (ii) any earlier Compounding Methodology Supplement.

(j) The determination of the extent to which a rate is **for a period equal in length** to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

1.3 Third party rights
(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the Third Parties Act) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any third person who is not a Party is not required to rescind or vary this Agreement at any time.

2. The Facility

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Company a US Dollar term loan facility in an aggregate amount equal to the Total Commitments.

2.2 Increase

(a) The Company may by giving prior notice to the Agent after the effective date of a cancellation of:

(i) the Available Commitments of a Defaulting Lender in accordance with paragraph (g) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender); or

(ii) the Commitments of a Defaulting Lender in accordance with paragraph (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender); or

(iii) the Commitments of a Lender in accordance with:

(A) Clause 7.1 (Illegality); or

(B) paragraph (a) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender),

request that the Commitments be increased (and the Commitments shall be so increased) in an aggregate amount of up to the amount of the Available Commitments or Commitments so cancelled as follows:

(iv) the increased Commitments will be assumed by one or more Lenders or other banks or financial institutions (or any other person approved in writing by the Company) (each an Increase Lender) selected by the Company and each of which confirms in writing whether in the relevant Increase Confirmation or otherwise its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
the Company and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Company and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

each Increase Lender shall become a Party as a Lender and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;

the Commitments of the other Lenders shall continue in full force and effect; and

any increase in the Commitments shall take effect on the date specified by the Company in the notice referred to in this paragraph (a) or any later date on which the conditions set out in paragraph (b) below are satisfied.

(b) An increase in the Commitments will only be effective on:

(i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender; and

(ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase, the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender. The Agent shall promptly notify the Company and the Increase Lender upon being so satisfied.

(c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.

(d) Clause 21.4 (Limitation of responsibility of Existing Lenders) shall apply mutatis mutandis in this Clause 2.2 in relation to an Increase Lender as if references in that Clause 21.4 to:

(i) an Existing Lender were references to all the Lenders immediately prior to the relevant increase;

(ii) the New Lender were references to that Increase Lender; and

(iii) a re-transfer were references to respectively a transfer.
2.3 Additional Commitments

(a) The Company may at any time confirm that one or more Lenders or any other bank(s) (each an Accordion Lender) has agreed to commit Additional Commitments by delivering an Additional Commitment Notice to the Agent.

(b) Each Additional Commitment Notice is irrevocable and will not be regarded as having been duly completed unless it has been countersigned by each Accordion Lender named therein and it specifies:

(i) the date on which the Additional Commitments are confirmed;

(ii) the amount of the Additional Commitments; and

(iii) the amount of the Additional Commitments allocated to each Accordion Lender named in the Additional Commitment Notice.

(c) By countersigning the Additional Commitment Notice:

(i) each Accordion Lender agrees to commit the Additional Commitments set out against its name; and

(ii) each Accordion Lender which is not already a Lender, agrees to become a party to this Agreement as a Lender.

(d) An increase in the Commitments under this Clause 2.3 shall take effect on the date specified in the Additional Commitment Notice as the date on which the Additional Commitments are confirmed or any later date on which the conditions set out in paragraph (e) below are satisfied.

(e) An increase in the Commitments under this Clause 2.3 will only be effective on:

(i) the execution by the Agent of the Additional Commitment Notice; and

(ii) in relation to an Accordion Lender which is not a Lender immediately prior to the relevant increase, the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the Additional Commitments by that Accordion Lender. The Agent shall promptly execute the Additional Commitment Notice and notify the Company and the Accordion Lender upon being so satisfied.

(f) No Additional Commitment Notice shall become effective at a time when a Utilisation Request has been delivered and the proposed Utilisation Date under that Utilisation Request has not yet occurred.

(g) Upon receipt of a duly completed Additional Commitment Notice, the Agent shall inform the Lenders of such receipt.
(h) The Agent shall notify the Company and the Lenders of the increased amounts of the Commitments under the Facility promptly after an Additional Commitment Notice takes effect in accordance with this Clause 2.3.

(i) For the avoidance of doubt: (i) the Additional Commitments shall have the same terms (other than as to upfront arrangement and underwriting fees and conditions precedent) as the Facility; and (ii) the upfront arrangement and underwriting fees in respect of the Additional Commitments shall be set out in a separate Additional Commitment Fee Letter entered into by the Company and the relevant Accordion Lender(s), provided that no Accordion Lender shall be offered or paid any fees on better terms than those which have been offered to the Third Restatement Effective Date Mandated Lead Arrangers.

2.4 Readjustment of participations in outstanding Loans

(a) If any Loan is outstanding on the date of accession of any Accordion Lender and the establishment of any Additional Commitment in accordance with Clause 2.3 (Additional Commitments), the amount of each Lender’s (including the acceding Accordion Lender’s) participation in each such outstanding Loan shall be calculated by the Agent so that the amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Commitment to the Total Commitments as at such date. For the avoidance of doubt, in making such calculation the Agent shall take into account the Additional Commitments.

(b) The Agent will notify in writing each Lender and the Company of the recalculated amount of each Lender’s participation in each outstanding Loan.

(c) Following receipt of such notice, the Accordion Lender(s) will make such balancing payments to the Agent (for the account of each other Lender) as may be required so as to ensure that each Lender’s participation in outstanding Loans is as calculated by the Agent in accordance with paragraph (a) above. Such payment in respect of each outstanding Loan shall be made to the Agent on the last day of the Interest Period for that Loan occurring after the date of such notice or, if earlier, the first Utilisation Date to occur after the date of such notice.

2.5 Finance Parties’ rights and obligations

(a) The obligations of the Finance Parties under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of the Finance Parties under or in connection with the Finance Documents are separate and independent rights and any debt arising
under the Finance Documents to a Finance Party from the Company is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by the Company which relates to a Finance Party’s participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by the Company.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. Purpose

3.1 Purpose

The Company shall apply all amounts borrowed by it under the Facility towards general corporate and working capital purposes of the Group (including acquisitions).

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. Conditions of Utilisation

4.1 Initial conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) in relation to any Utilisation if on or before the date of the initial Utilisation Request the Agent has received all of the documents and other evidence listed in Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent (acting reasonably), and the Agent shall notify the Company and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the proposed Loan; and

(b) the Repeating Representations to be made by the Company are true in all material respects.

4.3 Maximum number of Loans

(a) The Company may not deliver a Utilisation Request if as a result of the proposed Utilisation more than 12 Loans would be outstanding (or such
greater number of Loans as may be agreed by the Agent in its sole discretion).

(b) The Company may not request that a Loan be divided.

(c) No Extended Loan shall be taken into account in this Clause 4.3.

5. Utilisation

5.1 Delivery of a Utilisation Request

The Company may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than 11.00 a.m. three (3) Business Days prior to the proposed Utilisation Date or by such date as the Agent (acting on the instructions of all the Lenders) may agree with the Company.

5.2 Completion of a Utilisation Request

(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period; and

(ii) the proposed Interest Period complies with Clause 9 (Interest Periods).

(b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be US Dollars.

(b) The amount of the proposed Loan must be a minimum of US$100,000,000, or, if less, the Available Facility.

5.4 Lenders’ participation

(a) If the conditions set out in Clause 4 (Conditions of Utilisation) and Clauses 5.1 (Delivery of a Utilisation Request) to 5.3 (Currency and amount) have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender of the amount of each Loan and the amount of its participation in that Loan and if different, the amount of that participation to be made available in accordance with Clause 26.1 (Payments to the Agent), in each case by no later than 11.00 a.m. two (2) Business Days prior to the proposed Utilisation Date.

5.5 Cancellation of Available Facility
The Available Commitments which, at that time, are unutilised shall be immediately cancelled at 5.00 p.m. on the last day of the Availability Period.

6. **Repayment**

6.1 Subject to Clause 32.3 (*Extension of Commitments*), the Company shall repay each Loan on the Final Repayment Date.

6.2 At any time when a Lender becomes a Defaulting Lender, the participations of that Defaulting Lender in the Loans then outstanding will be treated as separate Loans (the *Separate Loans*).

6.3 The Company may prepay a Separate Loan by giving two Business Days’ prior notice to the Agent. The Agent will forward a copy of a prepayment notice received in accordance with this Clause 6.3 to the Defaulting Lender concerned as soon as practicable on receipt.

6.4 Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Company by the time and date specified by the Agent (acting reasonably) and will be payable by the Company to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Loan.

6.5 The terms of this Agreement relating to Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with Clauses 6.2 to 6.4, in which case those paragraphs shall prevail in respect of any Separate Loan.

7. **Prepayment and Cancellation**

7.1 **Illegality**

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Company, the Available Commitment of that Lender will be immediately cancelled; and

(c) the Company shall repay that Lender’s participation in the Loans made to the Company on the last day of the Interest Period for each Loan occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender’s corresponding Commitment shall be immediately cancelled in the amount of the participations repaid.

7.2 **Voluntary cancellation**

The Company may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, reduce the Available Facility to zero or by such amount (being a minimum amount of
US$5,000,000) as the Company may specify in such notice. Any such reduction under this Clause 7.2 shall reduce the Commitments of the Lenders rateably.

7.3 Voluntary Prepayment

The Company may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Loan (but if in part, being an amount that reduces the Loan by a minimum amount of US$5,000,000).

7.4 Right of prepayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by the Company is required to be increased under paragraph (a) of Clause 12.2 (Tax gross-up);

(ii) any Lender claims indemnification from the Company under Clause 12.3 (Tax indemnity) or Clause 13.1 (Increased costs); or

(iii) a Term SOFR Blocking Event occurs in respect of a Lender,

the Company may, whilst the circumstance giving rise to the requirement for that increase or indemnification (in relation to subparagraphs (a)(i) and (a)(ii) above only) or that Term SOFR Blocking Event (in relation to sub-paragraph (a)(iii) above only) continues, give the Agent notice of cancellation of the Commitment of that Lender and/or its intention to procure the prepayment of that Lender’s participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Available Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Company has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Company in that notice), the Company shall prepay that Lender’s participation in the relevant Loan and that Lender’s corresponding Commitment shall be immediately cancelled in the amount of the participations repaid.

(d) The Company may, in the circumstances set out in paragraph (a) above, on five Business Days’ prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 21 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 21 (Changes to the Lenders) for a purchase price in cash or other cash payment payable at the time of the transfer equal
to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest (to the extent that the Agent has not given a notification under Clause 21.10 (Pro-rata interest settlement)), and other amounts payable in relation thereto under the Finance Documents.

(e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:

(i) the Company shall have no right to replace the Agent;

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and

(iv) no Lender shall be obliged to execute a Transfer Certificate unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such replacement Lender.

(f) A Lender shall perform the procedures described in paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Company when it is satisfied that it has completed those checks.

(g)

(i) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent two Business Days’ notice of cancellation of each Available Commitment of that Lender.

(ii) On the notice referred to in paragraph (i) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

(iii) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (i) above, notify all the Lenders.

(h)

(i) The Company may, at any time, give the Agent two Business Days’ notice of prepayment of any Separate Loan and cancellation of the Commitment of a Defaulting Lender in respect of that Separate Loan.

(ii) On the notice referred to in paragraph (i) above becoming effective, the Commitment of the Defaulting Lender in respect of that Separate Loan shall immediately be reduced to zero and
the Company shall prepay that Defaulting Lender’s participation in such Separate Loan.

(iii) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (i) above, notify all the Lenders.

7.5 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is repaid or prepaid may not be reborrowed.

(d) The Company shall not repay or prepay all or any part of the Loans or reduce all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) Subject to Clause 2.2 (Increase), no amount of any Commitment that is reduced in accordance with this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Company or the affected Lender, as appropriate.

(g) If all or part of a Loan is repaid or prepaid and is not available for redrawing, an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph (g) (save in connection with any repayment or, as the case may be, prepayment under paragraph (c) of Clause 7.1 (Illegality) or paragraphs (c), (g) or (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender)) shall reduce the Commitments of the Lenders rateably.

8. Interest

8.1 Calculation of interest – Compounded SOFR Loans

(a) The rate of interest on each Compounded SOFR Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(i) Margin; and

(ii) Compounded SOFR Reference Rate for that day.
(b) If any day during an Interest Period for a Compounded SOFR Loan is not an RFR Banking Day, the rate of interest on that Compounded SOFR Loan for that day will be the rate applicable to the immediately preceding RFR Banking Day.

8.2 Calculation of interest – Term SOFR Loans

The rate of interest on each Term SOFR Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;
(b) Term SOFR Reference Rate; and
(c) Credit Adjustment Spread.

8.3 Payment of interest

The Company shall pay accrued interest on each Loan on the last day of each Interest Period relating to that Loan (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).

8.4 Default interest

(a) If the Company fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date to the date of actual payment (both before and after judgment) at a rate which is, subject to paragraph (b) below, 2 per cent higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.4 shall be immediately payable by the Company on demand by the Agent.

(b) If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(ii) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be 2 per cent higher than the rate which would have applied if the Unpaid Sum had not become due.

(c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.
(d) Notwithstanding anything to the contrary in the Finance Documents, default interest shall not accrue with respect to any Compounded Rate Interest Payment until the later of the due date for such Compounded Rate Interest Payment and the date immediately following the date falling three RFR Banking Days after the date on which the Agent notifies the Company of the amount of that Compounded Rate Interest Payment in accordance with paragraph (c) of Clause 8.8 (Notifications).

8.5 Compounded SOFR Loans and Term SOFR Loans

Subject to Clause 8.6 (Rate switch) and Clause 32.8 (Changes to reference rates):

(a) each Loan outstanding on the Third Restatement Effective Date shall be a Compounded SOFR Loan;

(b) each Loan drawn on any date which is (A) on or after the Third Restatement Effective Date, and (B) a date on which a Term SOFR Blocking Event is continuing, shall be a Compounded SOFR Loan; and

(c) each Loan drawn on any date which is (A) on or after the Third Restatement Effective Date, and (B) on or after a Rate Switch Date (Term SOFR) which has not been superseded by a subsequent Rate Switch Date (Compounded SOFR), shall be a Term SOFR Loan.

8.6 Rate switch

(a) Provided that no Published Rate Replacement Event has occurred, the Company may deliver to the Agent a Rate Switch Notice (Term SOFR) specifying a date (which shall be a date on which no Term SOFR Blocking Event is continuing) on which use of Term SOFR will replace the use of Compounded SOFR Reference Rate for the calculation of interest for all Loans (a Rate Switch Date (Term SOFR)).

(b) Subject to Clause 8.7 (Delayed switch for existing Compounded SOFR Loans), a Rate Switch Notice (Term SOFR) shall take effect in accordance with its terms and shall be delivered to the Agent at least 15 calendar days, and not more than 45 calendar days, before the Rate Switch Date (Term SOFR) contained in the Rate Switch Notice (Term SOFR).

(c) Subject to Clause 8.7 (Delayed switch for existing Compounded SOFR Loans) and Clause 32.8 (Changes to reference rates), on and from a Rate Switch Date (Term SOFR):

(i) use of Term SOFR will replace the use of Compounded SOFR Reference Rate for the calculation of interest for all Loans; and

(ii) any Loan or Unpaid Sum shall be a Term SOFR Loan and Clause 8.2 (Calculation of interest – Term SOFR Loans) shall apply to each such Loan or Unpaid Sum.
(d) If a Term SOFR Blocking Event occurs after the occurrence of a Rate Switch Date (Term SOFR) and while any Term SOFR Loan is outstanding, subject to Clause 32.8 (Changes to reference rates), on and from the first day of the next Interest Period (if any) for that Term SOFR Loan provided that such Term SOFR Blocking Event is continuing on such date (the Rate Switch Date (Compounded SOFR)):

(i) use of Compounded SOFR Reference Rate will replace the use of Term SOFR for the calculation of interest for each such Loan; and

(ii) any such Loan or any Unpaid Sum shall be a Compounded SOFR Loan and Clause 8.1 (Calculation of interest – Compounded SOFR Loans) shall apply to each such Loan or Unpaid Sum.

8.7 Delayed switch for existing Compounded SOFR Loans

If a Rate Switch Date (Term SOFR) falls before the last day of an Interest Period for a Compounded SOFR Loan:

(a) that Loan shall continue to be a Compounded SOFR Loan for that Interest Period and Clause 8.1 (Calculation of interest – Compounded SOFR Loans) shall continue to apply to that Loan for that Interest Period;

(b) any provision of this Agreement which is expressed to relate to a Term SOFR Loan only shall not apply in relation to that Loan for that Interest Period; and

(c) on and from the first day of the next Interest Period (if any) for that Loan, that Loan shall be a Term SOFR Loan and Clause 8.2 (Calculation of interest – Term SOFR Loans) shall apply to that Loan.

8.8 Notifications

(a) The Agent shall promptly notify the Lenders and the Company of the determination of a rate of interest relating to a Term SOFR Loan.

(b) In respect of any Fallback Interest Payment (Term SOFR), the Agent shall promptly upon a Fallback Interest Payment (Term SOFR) being determinable notify:

(i) the Company of that Fallback Interest Payment (Term SOFR);

(ii) each relevant Lender of the proportion of that Fallback Interest Payment (Term SOFR) which relates to that Lender’s participation in the relevant Loan; and

(iii) if such Fallback Interest Payment (Term SOFR) is determined pursuant to paragraph (d) of Clause 10 (Unavailability of Term SOFR), the relevant Lenders and the Company of each applicable Central Bank Rate (Term SOFR) relating to the determination of that Fallback Interest Payment (Term SOFR).
(c) The Agent shall promptly upon a Compounded Rate Interest Payment being determinable notify:

(i) the Company of that Compounded Rate Interest Payment;

(ii) each relevant Lender of the proportion of that Compounded Rate Interest Payment which relates to that Lender’s participation in the relevant Compounded SOFR Loan; and

(iii) the relevant Lenders and the Company of each applicable rate of interest relating to the determination of that Compounded Rate Interest Payment.

(d) The Agent shall, promptly upon becoming aware of the occurrence of a Rate Switch Date (Term SOFR), a Rate Switch Date (Compounded SOFR), a Term SOFR Blocking Event or a Published Rate Replacement Event, notify the Company and the Lenders of that occurrence.

(e) The Agent shall, promptly upon receipt of any Rate Switch Notice (Term SOFR), notify the Lenders of such notice.

(f) If a Term SOFR Blocking Event occurs or ceases to continue in respect of any Lender, such Lender shall promptly notify the Agent and the Company of such occurrence or cessation of the Term SOFR Blocking Event together with reasonable details and evidence of the same. The Agent shall thereafter promptly notify the other Lenders of such occurrence or cessation of the Term SOFR Blocking Event.

9. Interest Periods

9.1 Selection of Interest Periods

(a) The Company shall select the Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan has already been borrowed) in a Selection Notice.

(b) Each Selection Notice for a Loan is irrevocable and must be delivered to the Agent by the Company not later than 11.00 a.m. three (3) Business Days prior to the first day of the relevant Interest Period.

(c) If the Company fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be one Month.

(d) Subject to this Clause 9:

(i) for any Term SOFR Loan, the Company may select an Interest Period of one Month or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders in relation to the relevant Term SOFR Loan); and

(ii) for any Compounded SOFR Loan, the Company may select an Interest Period of any period as specified in the Compounded
Rate Terms or such other period agreed between the Company and the Agent (acting on the instructions of all Lenders in relation to the relevant Compounded SOFR Loan).

(e) An Interest Period for a Loan shall not, subject to Clause 32.3 (Extension of Commitments), extend beyond the Final Repayment Date.

(f) The Interest Period of a Loan shall start on the Utilisation Date of that Loan or (if already made) on the last day of its preceding Interest Period.

9.2 Non-Business Days

(a) Other than where paragraph (b) below applies, if an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

(b) If the Loan is a Compounded SOFR Loan, the rules specified as “Business Day Conventions” in the Compounded Rate Terms shall apply.

10. Unavailability of Term SOFR

(a) Interpolated Term SOFR: If Term SOFR is not available for the Interest Period of a Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Interpolated Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(b) Historic Term SOFR: If paragraph (a) above applies but Interpolated Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(c) Interpolated Historic Term SOFR: If paragraph (b) above applies but Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Interpolated Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(d) Central Bank Rate: If paragraph (c) above applies but Interpolated Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be the percentage rate per annum which is the arithmetic mean of the applicable Central Bank Rates (Term SOFR) for the days in the Interest Period of that Term SOFR Loan, provided that the Central Bank Rate (Term SOFR) applicable to the day falling five days prior to the last day of the relevant Interest Period shall be deemed to be the Central Bank Rate (Term SOFR) for the final five days of such Interest Period.
11. Fees

11.1 Commitment fee

(a) The Company shall pay to the Agent (for the account of each Lender) a fee in US Dollars computed and accruing on a daily basis with effect from (but excluding) the date falling 45 days after the Upsize Effective Date (the Commitment Fee Commencement Date) at 0.25 per cent per annum on that Lender’s Available Commitment for the Availability Period of the Increased Commitments at close of business (in New York) on each day of such Availability Period falling after the Commitment Fee Commencement Date (or, if any such day shall not be a Business Day, at such close of business on the immediately preceding Business Day).

(b) The accrued commitment fee is payable (but without double counting):

(i) on the last day of each successive period of three Months which ends during the Availability Period commencing with the period of three Months starting on the Commitment Fee Commencement Date;

(ii) on the last day of the Availability Period; and

(iii) if a Lender’s Commitment is reduced to zero before the last day of the Availability Period, on the day on which such reduction to zero becomes effective.

(c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

11.2 Upfront fee

(a) The Company shall pay to each Original Mandated Lead Arranger an upfront fee in the amount and at the times agreed in a Fee Letter.

(b) The Company shall pay to each Accordion Lender an upfront fee in the amount and at the times agreed in a Fee Letter.

11.3 Agency fee

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

12. Tax Gross Up and Indemnities

12.1 Tax definitions

(a) In this Clause 12:

**FATCA** means:
sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

(ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i) above; or

(iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (i) or (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**FATCA Deduction** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**Tax Credit** means a credit against, relief or remission for, or repayment of any Tax.

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

**Tax Payment** means an increased payment made by the Company to a Finance Party under Clause 12.2 (Tax gross-up) or a payment under Clause 12.3 (Tax indemnity).

(b) Unless a contrary indication appears, in this Clause 12 a reference to determines or determined means a determination made in the absolute discretion of the person making the determination acting in good faith.

12.2 Tax gross-up

(a) All payments to be made by the Company to any Finance Party under the Finance Documents shall be made free and clear of and without any Tax Deduction unless the Company is required to make a Tax Deduction, in which case the sum payable by the Company (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.

(b) The Company shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company.

(c) If the Company is required to make a Tax Deduction, the Company shall make that Tax Deduction and any payment required in connection with
that Tax Deduction within the time allowed and in the minimum amount required by law.

(d) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Company shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) Without prejudice to Clause 12.2 (Tax gross-up), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Company shall, within five (5) Business Days of demand of the Agent, promptly indemnify the Finance Party which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 12.3 shall not apply:

(i) to the extent a loss, liability or cost relates to a FATCA Deduction required to be made by a Party;

(ii) to any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated; or

(iii) to any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which its Facility Office is located.

(b) A Finance Party intending to make a claim under paragraph (a) above shall notify the Agent of the event giving rise to the claim, whereupon the Agent shall notify the Company thereof.

(c) A Finance Party shall, on receiving a payment from the Company under this Clause 12.3, notify the Agent.
Paragraph (a) above shall not apply to the extent any Tax is not notified to the Agent by the relevant Finance Party within three (3) Months of the relevant Finance Party becoming aware of the relevant Tax.

12.4 Tax credit

If the Company makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Company which that Finance Party determines will leave it (after that payment) in no better and no worse position in respect of its worldwide tax liabilities than it would have been in had the Company not been required to make the Tax Payment.

12.5 Stamp taxes

The Company shall:

(a) pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document, and

(b) within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to any stamp duty, registration or other similar Tax paid or payable in respect of any Finance Document.

12.6 Indirect tax

(a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

(b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by that Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

12.7 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA
Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Company, the Agent and the other Finance Parties.

13. Increased Costs

13.1 Increased costs

(a) Subject to Clause 13.3 (Exceptions) the Company shall, within five (5) Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation by any governmental or regulatory authority or (ii) compliance with any law or regulation made after the date of this Agreement. The terms “law” and “regulation” in this paragraph (a) shall include any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

(b) In this Agreement:

(i) “Basel III” means:

(A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended supplemented or restated; and

(B) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”; and

(ii) “Increased Costs” means:

(A) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);
(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to the undertaking, funding or performance by such Finance Party of any of its obligations under any Finance Document or any participation of such Finance Party in any Loan or Unpaid Sum.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (Increased costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.

(b) Each Finance Party shall together with its demand provide a certificate confirming the amount and basis of calculation of its Increased Costs.

13.3 Exceptions

(a) Clause 13.1 (Increased costs) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by the Company;

(ii) compensated for by Clause 12.3 (Tax indemnity) (or would have been compensated for under Clause 12.3 (Tax indemnity) but was not so compensated solely because the exclusion in paragraph (a) of Clause 12.3 (Tax indemnity) applied);

(iii) attributable to the breach by the relevant Finance Party or its Affiliates of any law or regulation or the negligence of any of them;

(iv) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (Basel II) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates);

(v) attributable to the implementation or application of or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates) but only to the extent the relevant Finance
Party is required to implement, apply or comply with Basel III on the date on which it becomes a Party;

(vi) attributable to a FATCA Deduction required to be made by a Party; or

(vii) not notified to the Agent by the relevant Finance Party within three (3) Months of such Finance Party becoming aware of the Increased Cost in accordance with paragraph (a) of Clause 13.2 (Increased cost claims).

(b) In this Clause 13.3 references to a FATCA Deduction or a Tax Deduction have the same meaning given to such terms in Clause 12.1 (Tax definitions).

14. Mitigation by the Lenders

14.1 Mitigation

(a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Illegality), Clause 12 (Tax Gross Up and Indemnities) or Clause 13.1 (Increased costs), including (but not limited to):

(i) providing such information as the Company may reasonably request in order to permit the Company to determine its entitlement to claim any exemption or other relief (whether pursuant to a double taxation treaty or otherwise) from any obligation to make a Tax Deduction; and

(ii) in relation to any circumstances which arise following the date of this Agreement, transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of the Company under the Finance Documents.

14.2 Limitation of liability

(a) The Company shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 14.1 (Mitigation).

(b) A Finance Party is not obliged to take any steps under Clause 14.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might reasonably be expected to be prejudicial to it.

14.3 Conduct of business by the Finance Parties

No provision of this Agreement will:
(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax; or

(d) oblige any Finance Party to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any applicable anti-money laundering, counter-terrorism financing, economic or trade Sanctions law or regulation.

15. Other Indemnities

15.1 Currency indemnity

(a) If any sum due from the Company under the Finance Documents (a Sum), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the First Currency) in which that Sum is payable into another currency (the Second Currency) for the purpose of:

(i) making or filing a claim or proof against the Company; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Company shall as an independent obligation, within five (5) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) The Company waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

15.2 Other indemnities

The Company shall, within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) any written information produced or approved by the Company in connection with the Finance Documents being or being alleged to be misleading and/or deceptive in any respect;
any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Company or with respect to the transactions contemplated or financed under this Agreement;

a failure by the Company to pay any amount due under a Finance Document on its due date or in the relevant currency, including without limitation, any cost, loss or liability arising as a result of Clause 25 (Sharing among the Finance Parties), provided that this paragraph (d) shall only apply to a failure by the Company to pay a Compounded Rate Interest Payment to the extent that the Company has failed to pay that Compounded Rate Interest Payment by the later of (i) the due date for that Compounded Rate Interest Payment and (ii) the date falling three RFR Banking Days after the date on which the Agent notifies the Company in accordance with paragraph (c) of Clause 8.8 (Notifications) of the amount of that Compounded Rate Interest Payment;

funding, or making arrangements to fund, its participation in a Loan requested by the Company in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Company, provided that this paragraph (f) shall only apply to a prepayment of a Compounded SOFR Loan to the extent the relevant prepayment has not been made by the later of (i) the prepayment date specified in the relevant notice of prepayment and (ii) the date falling three RFR Banking Days after the date on which the Agent notifies the Company in accordance with paragraph (c) of Clause 8.8 (Notifications) of the amount of any Compounded Rate Interest Payment or other payment required to be made together with such prepayment in accordance with the terms of this Agreement.

15.3 Indemnity to the Agent

(a) The Company shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default; or

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

(b) The indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.

16. Costs and Expenses

16.1 Transaction expenses
The Company shall, within five Business Days of demand, pay the Administrative Parties the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of:

(a) this Agreement and any other Finance Documents referred to in it; and
(b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) the Company requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 26.10 (Change of currency), the Company shall, within five Business Days of demand, reimburse the Agent for the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Company shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

17. Representations

The Company makes the representations and warranties set out in this Clause 17 to each Finance Party.

17.1 Status

(a) It is a corporation, duly incorporated, validly existing and, where applicable, in good standing under the laws of the Cayman Islands.

(b) It and each of its Subsidiaries has the power to own its assets and carry on its business in all material respects as it is being conducted.

(c) It is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any person in relation to the Finance Documents.

17.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are, subject to any general principles of law limiting its obligations which are generally applicable, legal, valid, binding and enforceable obligations.

17.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:
(a) any material law or regulation applicable to it;
(b) its constitutional documents; or
(c) any agreement or instrument binding upon it or any of its assets in a manner that might reasonably be expected to give rise to a Material Adverse Effect.

17.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

17.5 Validity and admissibility in evidence

All Authorisations required:
(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;
(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
(c) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect (or, in each case, will be when required).

17.6 Governing law and enforcement

(a) The choice of English law as the governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdiction.
(b) Any judgment obtained in England in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation.

17.7 Deduction of Tax

It is not required under the law applicable where it is incorporated or resident or at the address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

17.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

17.9 No default
(a) No Event of Default is continuing or could reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries’) assets are subject which has or could reasonably be expected to have a Material Adverse Effect.

17.10 No misleading information

Save as disclosed in writing to the Agent on or prior to the date on which such information is provided, all written information provided by any Group Member to the Agent after the date of this Agreement was true and accurate in all material respects as at the date it was provided and was not misleading in any material respect as at such date.

17.11 Financial statements

(a) Its financial statements most recently supplied to the Agent or otherwise made available to the public (which, at the date of this Agreement, are the Original Financial Statements) were prepared in accordance with the Accounting Principles consistently applied save to the extent expressly disclosed in such financial statements.

(b) Its financial statements most recently supplied to the Agent or otherwise made available to the public (which, at the date of this Agreement, are the Original Financial Statements) give a true and fair view of (if audited) or fairly represent (if unaudited) its consolidated financial condition and operations as at the end of and for the relevant financial year save to the extent expressly disclosed in such financial statements.

(c) Save as disclosed in writing to the Agent or otherwise made available to the public, there has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group) since 31 March 2022.

17.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

17.13 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which might reasonably be expected to be adversely determined and, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

17.14 Taxation
(a) It is not (and none of its Subsidiaries is) overdue (taking into account any extension or grace period) in the payment of any material amount in respect of Tax, in each case save to the extent that (i) such payment is being contested in good faith; and (ii) it has maintained adequate reserves for those Taxes.

(b) No claim or investigations are being, or to the actual knowledge of the Company, are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes which would have or are reasonably likely to have a Material Adverse Effect.

(c) It is resident for tax purposes only in the jurisdiction of its incorporation.

17.15 No insolvency

No event as described in Clause 20.5 (Involuntary proceedings) or Clause 20.6 (Voluntary proceedings) is continuing in relation to it or any Major Material Subsidiary.

17.16 Intellectual Property

(a) It, or another Group Member, is the legal and beneficial owner of or has licensed to it all the material Intellectual Property which is required in order to carry on the business of the Group as it is currently being conducted.

(b) It does not (nor does any of its Subsidiaries), in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect.

(c) All formal or procedural actions (including payment of fees) required to maintain any Intellectual Property owned by it or any of its Subsidiaries have been taken, except to the extent failure to take such actions does not or is not reasonably likely to have a Material Adverse Effect.

17.17 Immunity

(a) The entry into by it of each Finance Document constitutes, and the exercise by it of its rights and performance of its obligations under each Finance Document will constitute, private and commercial acts performed for private and commercial purposes.

(b) It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its Relevant Jurisdiction in relation to any Finance Documents.

17.18 Authorised Signatures

Any person specified as its authorised signatory under Schedule 2 (Conditions precedent) is authorised to sign Utilisation Requests, Selection Notices and other notices on its behalf.
17.19 Good title to assets

It and each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as from time to time conducted the absence of which would have a Material Adverse Effect.

17.20 Bribery, Anti-corruption

(a) To the actual knowledge of Management, the business of the Group is carried on in all material respects in compliance with all, and no Group Member or any of their directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Group Member), affiliates or employees acts in breach of any, applicable laws relating to bribery and anti-corruption, including without limitation the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977 or any similar laws, rules or regulations issued, administered or enforced by any government or governmental authority having jurisdiction over it.

(b) There are in place appropriate policies and procedures designed to promote and achieve compliance with all such applicable laws by each Group Member and by its directors, officers and employees.

17.21 Sanctions

(a) To the Company’s best knowledge, the business of the Company and the Controlled Entities is as at the Third Restatement Effective Date carried on in compliance with all applicable Sanctions, and the Company and the Controlled Entities have instituted and maintained policies and procedures designed to promote and achieve material compliance with applicable Sanctions in all respects.

(b) None of the Company or any Controlled Entity or, to the Company’s best knowledge, any of its or their directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Group Member), affiliates, representative or employees is a person or entity (Person), that is, or is owned or controlled by a Person that is, currently the subject of any Sanctions (including the designation as a Specially Designated National or Blocked Person), and neither the Company nor any Controlled Entity is located, organised or resident in a country or territory that is the subject of any Sanctions (including, without limitation, Cuba, Iran, North Korea, Crimea, Syria and the so-called Donetsk People’s Republic and so-called Luhansk People’s Republic regions of Ukraine).

17.22 Money Laundering

(a) To the actual knowledge of Management, after due and reasonable enquiry, no Group Member engages in Money Laundering or acts in breach of any applicable laws or regulations relating to Money...
Laundering issued, administered or enforced by any Governmental
Agency having jurisdiction over it.

(b) There are in place appropriate policies and procedures designed to
promote and achieve compliance by it and each member of the Group
with all applicable laws or regulations relating to Money Laundering.

17.23 Dividends Repatriation

There is no legal or administrative hurdle (other than ordinary administrative
procedures generally applicable) or contractual restriction for any WFOE which
is an Onshore Material Subsidiary to pay dividends out of its Distributable
Reserves, or (subject to administrative and legal restrictions generally applicable)
to make any distribution to any of its shareholders or holders of any equity
interest in it.

17.24 Times when representations made

(a) All the representations and warranties in this Clause 17 are made by the
Company on the date of this Agreement, the Second Restatement
Effective Date and the Third Restatement Effective Date.

(b) The Repeating Representations are deemed to be made by the Company
on the date of each Utilisation Request and the first day of each Interest
Period.

(c) Each representation or warranty deemed to be made after the date of this
Agreement shall, except where the contrary is indicated, be deemed to
be made by reference to the facts and circumstances existing at the date
the representation or warranty is deemed to be made.

18. Information Undertakings

The undertakings in this Clause 18 remain in force from the date of this
Agreement for so long as any amount is outstanding under the Finance
Documents or any Commitment is in force.

18.1 Financial statements

In the event that the Company’s financial statements cease to be publicly
available, the Company shall supply to the Agent:

(a) as soon as they become available but in any event within 120 days after
the end of each of its financial years, its audited consolidated financial
statements for that financial year; and

(b) as soon as they become available but in any event within 60 days after
the end of the first half of each of its financial years, its unaudited
consolidated financial statements for that financial half year.

18.2 Compliance Certificate

The Company shall supply to the Agent:
(a) annually, within 120 days after the end of each fiscal year of the Company; and

(b) upon written request by the Agent, within 14 days of such request,

a brief certificate from the principal execution officer, principal financial officer, principal account officer or treasurer as to his or her knowledge of the Company’s compliance with all conditions and covenants under the Finance Documents (which compliance shall be determined without regarding to any period of grace or requirement of notice provided under the Finance Documents), specifying if any Default has occurred and, in the event that any Default has occurred, specifying each such Default and the nature and status thereof of which such person may have knowledge.

18.3 Notification of default

The Company shall deliver to the Agent promptly and in any event within 30 calendar days after the Company becomes aware of the occurrence of any Event of Default or any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default, an Officer’s Certificate setting out the details of such Event of Default or Default and the action which the Company proposes to take with respect thereto.

18.4 “Know your customer” checks

(a) The Company shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender (including for any Lender on behalf of any prospective new Lender)) in order for the Agent, such Lender or any prospective new Lender to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

19. General Undertakings

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Pari passu ranking

The Company shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.2 Negative pledge
(a) The Company shall not create or have outstanding, and shall ensure that none of the Principal Controlled Entities will create or have outstanding, any Security upon the whole or any part of their respective present or future assets securing any Relevant Indebtedness, or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of the Company or of any of the Company’s Principal Controlled Entities, without:

(i) at the same time or prior thereto securing or guaranteeing the liabilities of the Company under the Finance Documents equally and rateably therewith; or

(ii) providing such other Security or guarantee for the Facility as shall be approved by the Majority Lenders.

(b) Paragraph (a) above does not apply to:

(i) any Security, guarantee or indemnity arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Security, guarantee or indemnity in respect of the obligations of any person which becomes a Principal Controlled Entity or which merges with or into the Company or a Principal Controlled Entity after the date of the Indenture which is in existence at the date on which it becomes a Principal Controlled Entity or merges with or into the Company or a Principal Controlled Entity;

(iii) any Security, guarantee or indemnity created or outstanding in favour of the Company or any Security, guarantee or indemnity created by any of the Controlled Entities of the Company in favour of any of the Company’s other Controlled Entities;

(iv) any Security, guarantee or indemnity in respect of Relevant Indebtedness of the Company or any Principal Controlled Entity with respect to which the Company or such Principal Controlled Entity has paid money or deposited money or securities with a paying agent, trustee or depository to pay or discharge in full the obligations of the Company or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full);

(v) any Security, guarantee or indemnity created in connection with Relevant Indebtedness of the Company or any Principal Controlled Entity denominated in Chinese Renminbi and initially offered, marketed or issued primarily to persons resident in the PRC;
any Security, guarantee or indemnity created in connection with
an acquisition of assets or a project financed with, or created to
secure, Non-recourse Obligations; or

any Security, guarantee or indemnity arising out of the
refinancing, extension, renewal or refunding of any Relevant
Indebtedness secured by any Security or guaranteed by any
guarantee or indemnity permitted by paragraphs (ii), (v), (vi) or
this paragraph (vii); provided that such Relevant Indebtedness is
not increased beyond the principal amount thereof (together with
the costs of such refinancing, extension, renewal or refunding,
including any accrued interest and prepayment premiums or
consent fees) and is not secured by any additional property or
assets.

19.3 Merger, consolidation and sale of assets

The Company shall not consolidate with or merge into any other person in a
transaction in which the Company is not the surviving entity, or convey, transfer
or lease its properties and assets substantially as an entirety to any person
unless:

(a) any person formed by such consolidation or into or with which the
Company is merged or to whom the Company has conveyed, transferred
or leased its properties and assets substantially as an entirety is a
corporation, partnership, trust or other entity validly existing under the
laws of the British Virgin Islands, the Cayman Islands, the PRC or Hong
Kong and such person expressly assumes, by an accession deed in form
and substance reasonably satisfactory to the Lenders, all of the
Company’s obligations under the Finance Documents, including the
obligations under Clause 12 (Tax Gross Up and Indemnities);

(b) immediately after given effect to such transaction, no Event of Default,
and no event which, after notice or lapse of time or both, would become
an Event of Default, shall have occurred and be continuing; and

(c) the Company shall have delivered to the Agent an Officer’s Certificate
and an opinion of independent legal firm of internationally recognised
standing that is reasonably acceptable to the Agent, each stating that
such consolidation, merger, conveyance, transfer or lease and the
accession deed referred in paragraph (a) above comply with the Finance
Documents and that all conditions precedent therein provided for
relating to such transaction have been complied with.

19.4 Sanctions

(a) The Company shall not use any of the funds advanced under this
Agreement directly or indirectly or lend, contribute or otherwise make
available such proceeds to any Subsidiary, joint venture partner or other
person in any manner that will result in a violation of Sanctions by any
person (including any Finance Party).
19.5 Anti-corruption

The Company shall not, and shall procure that no Group Member will, directly or indirectly use the proceeds of the Facility in a manner, or lend, contribute or otherwise make available such proceeds to any subsidiary, affiliate, joint venture partner or other person or entity for the purpose of financing or facilitating any activity, that would violate applicable anti-corruption laws and regulations including without limitation to the extent applicable the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977.

19.6 Anti-money laundering

The Company will, and will procure that the Group will, at all times have in place appropriate procedures and policies designed to promote and achieve compliance by the Company and the Group Members with all applicable laws and regulations relating to Money Laundering.

20. Events of Default

Each of the events or circumstances set out in the following sub-clauses of this Clause 20 (other than Clause 20.8 (Acceleration)) is an Event of Default.

20.1 Non-payment of Principal Amount

The Company fails to pay the principal amount in respect of the Facility when due and payable (whether at the Final Repayment Date or upon acceleration or otherwise), unless its failure to pay is caused by:

(a) administrative or technical error; or

(b) a Disruption Event,

and payment is made within five Business Days of its due date.

20.2 Non-payment of Interest

The Company fails to pay interest in respect of any Loan on or prior to the later of (a) 30 days after such interest becomes due and payable and (b) (in respect of any Compounded Rate Interest Payment) the date falling three RFR Banking Days after the date on which the Agent notified the Company of the amount of that Compounded Rate Interest Payment in accordance with paragraph (c) of Clause 8.8 (Notifications).

20.3 Default under Clause 19.3 (Merger, consolidation and sale of assets)

The Company defaults in the performance of or breaches its obligations under Clause 19.3 (Merger, consolidation and sale of assets).
20.4 Other obligations

The Company defaults in the performance of or breaches any provision of the Finance Documents (other than a default specified in Clauses 20.1 (Nonpayment of Principal Amount), 20.2 (Non-payment of Interest) or 20.3 (Default under Clause 19.3 (Merger, consolidation and sale of assets))) and such default or breach continues for a period of 30 consecutive days after written notice by the Agent.

20.5 Involuntary proceedings

A court having jurisdiction enters in the premises of:

(a) a decree or order for relief in respect of the Company or any of its Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law; or

(b) a decree or order adjudging the Company or any of its Principal Controlled Entities bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganisation, arrangement, adjustment, or composition of or in respect of the Company or any of its Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any of its Principal Controlled Entities or of any substantial part of its or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws),

and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days.

20.6 Voluntary proceedings

The Company or any of its Principal Controlled Entities:

(a) commence a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent; or

(b) consent to the entry of a decree or order for relief in respect of the Company or any of its Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Principal Controlled Entity; or

(c) file a petition or answer or consent seeking reorganisation or relief with respect to the Company or any of its Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or consent to the filing of such petition or to the appointment of or taking possession
by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any of its Principal Controlled Entities or of any substantial part of its or their respective property pursuant to any such law; or

(d) make a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or admit in writing of its inability to pay debts generally as they become due, or take corporate action that resolves to commence any such action.

20.7 Illegality

Any obligation of the Company under the Finance Documents or any Finance Document is or becomes or is claimed by the Company to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the terms of this Agreement.

20.8 Acceleration

At any time while an Event of Default is continuing the Agent may, and shall if so directed by a Lender or Lenders whose Commitments aggregate more than 66% per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66% per cent of the Total Commitments immediately prior to the reduction), by notice to the Company:

(a) without prejudice to the participations of any Lenders in any Loans then outstanding:

(i) cancel the Commitments (and reduce them to zero), whereupon they shall immediately be cancelled (and reduced to zero); or

(ii) cancel any part of any Commitment (and reduce such Commitment accordingly), whereupon the relevant part shall immediately be cancelled (and the relevant Commitment shall be immediately reduced accordingly); and/or

(b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

21. Changes to the Lenders

21.1 Transfers by the Lenders

(a) Subject to this Clause 21, a Lender (the Existing Lender) may:
(i) transfer by novation any of its rights and obligations, under the Finance Documents to another bank or financial institution (the "New Lender"); and

(ii) sub-participate any of its rights and/or obligations under this Agreement.

(b) Subject to Clause 21.9 (Security over Lenders' rights), an Existing Lender shall not be permitted to assign any of its rights under the Finance Documents.

21.2 Conditions of transfer or sub-participation

(a) Subject to paragraph (b) below, the prior written consent of the Company is required for any transfer or sub-participation by an Existing Lender.

(b) The prior written consent of the Company is not required for a transfer by an Existing Lender if the relevant transfer is:

  (i) to another Lender or an Affiliate of a Lender; or

  (ii) made at a time when an Event of Default is continuing,

unless such transfer is to a Prohibited Transferee, in which case consent of the Company will be required in accordance with paragraph (a) above.

(c) Any transfer of a Lender’s rights or obligations under the Finance Documents must be in a minimum amount of US$25,000,000 (and following any such transfer by a Lender, unless that Lender has transferred all of its rights and obligations under the Finance Documents, that Lender must retain rights and obligations in a minimum amount of US$25,000,000 or, in each case, such lower amount with the consent of the Company.

(d) A transfer will be effective only if the procedure set out in Clause 21.5 (Procedure for transfer) is complied with.

(e) If:

  (i) a Lender transfers any of its rights and obligations under the Finance Documents or changes its Facility Office; and

  (ii) as a result of circumstances existing at the date the transfer occurs, the Company would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (Tax Gross Up and Indemnities) or Clause 13 (Increased Costs),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the transfer had not occurred.
Each New Lender, by executing the relevant Transfer Certificate, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

The right of any Lender to make transfers and enter into sub-participations as provided by this Clause 21 is in any event subject to that Lender procuring that Confidentiality Undertakings are entered into and delivered to the Company as provided by Clause 23 (Disclosure of Information).

21.3 Transfer fee

Unless the Agent otherwise agrees and excluding any transfer to an Affiliate of a Lender, the New Lender shall, on the date upon which a transfer takes effect, pay to the Agent (for its own account) a fee of US$2,500.

21.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of the Company;

(iii) the performance and observance by the Company of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Company and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
(ii) will continue to make its own independent appraisal of the creditworthiness of the Company and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations transferred under this Clause 21; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Company of its obligations under the Finance Documents or otherwise.

21.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 21.2 (Conditions of transfer or sub-participation) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Agent shall not be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such New Lender.

(c) Subject to Clause 21.10 (Pro-rata interest settlement), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, the Company and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the Discharged Rights and Obligations);

(ii) the Company and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Company and the New Lender have assumed and/or acquired the same in place of the Company and the Existing Lender;

(iii) the Agent, the Arrangers, the New Lender and other Lenders shall acquire the same rights and assume the same obligations
between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arrangers and the Existing Lender shall each be released from further obligations to each other under this Agreement; and

(iv) the New Lender shall become a Party as a “Lender”.

(d) The procedure set out in this Clause 21.5 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of transfer of such right or obligation or prohibit or restrict any transfer of such right or obligation, unless such prohibition or restriction shall not be applicable to the relevant transfer or each condition of any applicable restriction shall have been satisfied.

21.6 Copy of Transfer Certificate or Increase Confirmation to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Increase Confirmation, send to the Company a copy of that Transfer Certificate or Increase Confirmation.

21.7 Existing consents and waivers

A New Lender shall be bound by any consent, waiver, election or decision given or made by the relevant Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the relevant transfer to such New Lender.

21.8 Exclusion of Agent’s liability

In relation to any transfer pursuant to this Clause 21, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

21.9 Security over Lenders’ rights

In addition to the other rights provided to Lenders under this Clause 21, each Lender may without consulting with or obtaining consent from the Company at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation, any charge, assignment or other Security to secure obligations to a federal reserve or central bank, except that no such charge, assignment or Security shall:

(a) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
require any payments to be made by the Company other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

21.10 Pro-rata interest settlement

If the Agent has notified the Lenders and the Company (which it shall be under no obligation to do) that it is able to distribute interest payments on a “pro rata basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 21.5 (Procedure for transfer) the Transfer Date of which is after the date of such notification and is not on the last day of an Interest Period):

(a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (Accrued Amounts) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and

(b) the rights transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 21.10, have been payable to it on that date, but after deduction of the Accrued Amounts.

22. Assignment or Transfer by the Company

The Company may not assign or transfer any of its rights or obligations under any Finance Document, except with the prior written consent of all the Lenders.

23. Disclosure of Information

23.1 Obligation to keep information confidential

(a) Each Finance Party must keep confidential all information relating to the Company, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either (i) any Group Member or any of its advisers; or (ii) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Group Member or any of its advisers (regardless of the form such information takes, and including information given orally and any document,
(b) However, a Finance Party is entitled to disclose information referred to in paragraph (a) above:

(i) if such information is publicly available, other than as a direct or indirect result of a breach by that Finance Party of, or action by its Affiliates that is contrary to the provisions of, this Clause 23.1;

(ii) if required to do so in connection with any legal, arbitration or regulatory proceedings or procedure;

(iii) if required to do so under any applicable law or regulation;

(iv) if required or requested to do so by any governmental, banking, taxation or other regulatory authority;

(v) to its professional advisers and any other person providing services to it (including, without limitation, any provider of administrative or settlement services and external auditors) provided that such person is under a duty of confidentiality, contractual or otherwise, to that Finance Party;

(vi) to the head office, branches, representative offices, Subsidiaries, related corporations or Affiliate of any Finance Party (each a Finance Party Related Party) and each Finance Party Related Party shall be permitted to disclose information as if it were a Finance Party;

(vii) to any other Finance Party;

(viii) to any person permitted in writing by the Company;

(ix) to the Company; or

(x) to the International Swaps and Derivatives Association, Inc. (ISDA) or any credit derivatives determination committee or sub-committee of ISDA where such disclosure is required by them in order to determine whether the obligations under the Finance Documents will be, or in order for the obligations under the Finance Documents to become, deliverable under a credit derivative transaction or other credit linked transaction which incorporates the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement or other provisions substantially equivalent thereto.

(c) A Finance Party may disclose to an Affiliate or any potential transferee or Participant to which a transfer or sub-participation is not expressly
prohibited under Clause 21 (Changes to the Lenders) but for the avoidance of doubt not to an Industrial Competitor:

(i) a copy of any Finance Document; and

(ii) any information which that Finance Party has acquired under or in connection with any Finance Document.

However, before a potential transferee or Participant may receive any confidential information, it must execute in favour of the relevant Finance Party a Confidentiality Undertaking and deliver a copy of the same to the Company. A Participant may itself disclose the documents and information referred to in sub-paragraphs (i) and (ii) above to an Affiliate or any person with whom it may enter, or has entered into, any kind of transfer of an economic or other interest in, or related to, this Agreement so long as the relevant Affiliate or transferee executes in favour of the relevant potential transferee or Participant a Confidentiality Undertaking and delivers a copy of the same to the Company.

This Clause 23.1 supersedes any previous agreement relating to the confidentiality of such information.

23.2 Relevant information

Without affecting the responsibility of the Company for information supplied by it or on its behalf in connection with any Finance Document, each of the Lenders accepts and acknowledges that:

(a) some or all of the information (including, without limitations, financial projections and/or other financial data) that has or may be provided to the Lenders (through the Agent or otherwise) is or may constitute relevant information in relation to the Company (the Price Sensitive Information) and that the use of such information may be regulated or prohibited by applicable laws and regulations relating to, among other things, insider dealing and/or market abuse;

(b) upon possession of the Price Sensitive Information, a Lender may be prohibited or restricted under the applicable laws and regulations from, among other things, dealing in or counselling or procuring another person to deal in the listed securities of the Company or its derivatives, or the listed securities of a related corporation of the Company or its derivatives, or otherwise from using or disclosing the Price Sensitive Information;

(c) none of the Agent nor the Arrangers will be liable for any action taken by it under or in connection with distributing the information provided that where it is required to act on the instructions of any Lender or Lenders, the Agent may ask for a confirmation or certificate (in form and substance satisfactory to the Agent) confirming that the instructing Lender or Lenders is or are not in possession of any Price Sensitive Information and that it is or they are not instructing the Agent, to act as
a consequence of being in possession of any Price Sensitive Information; and

(d) any information received under or in connection with the Finance Documents shall not be used for any unlawful purpose, and each Lender shall make an independent evaluation of, and ensure its compliance with, any legal and regulatory restrictions on the use and/or disclosure of such information.

24. Role of the Administrative Parties

24.1 Appointment of the Agent

(a) Each of the other Finance Parties appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the other Finance Parties authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

24.2 Duties of the Agent

(a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Without prejudice to Clause 21.6 (Copy of Transfer Certificate or Increase Confirmation to Company), paragraph (a) above shall not apply to any Transfer Certificate or any Increase Confirmation.

(c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to any Administrative Party) under this Agreement it shall promptly notify the other Finance Parties.

(f) The Agent shall provide to the Company within ten (10) Business Days of the last Business Day of each calendar month, a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or office, if any, for whose attention any communication is to be marked) of each Lender for any communications to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt by electronic mail or other
electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

(g) The Agent shall not be liable to account for interest on money paid to it by or recovered from the Company. Monies held by the Agent need not be segregated except as required by law.

(h) The Agent’s duties under the Finance Documents are solely mechanical and administrative in nature.

24.3 Role of the Arrangers

Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

24.4 No fiduciary duties

(a) The Administrative Parties shall not otherwise have, nor be deemed to have, assumed any obligations to, or trust or fiduciary relationship with, any other party to this Agreement.

(b) None of the Agent or the Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

24.5 Business with the Group

(a) Any Administrative Party may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Group Member.

(b) Each of the Lenders hereby irrevocably waives, in favour of the Agent, any conflict of interest which may arise by virtue of the Agent acting in various capacities under the Finance Documents or for other customers of the Agent. Each of the Lenders acknowledges that the Agent and its affiliates (together, the Agent Parties) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which a Lender may regard as conflicting with its interests and may possess information (whether or not material to the Lenders) other than as a result of the Agent acting as Agent under the Finance Documents, that the Agent may not be entitled to share with any Lender.

(c) Consistent with its long-standing policy to hold in confidence the affairs of its customers, the Agent will not disclose confidential information obtained from any Lender (without its consent) to any of the Agent’s other customers nor will it use on the Lender’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Lenders agrees that each of the Agent Parties may
deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Finance Documents.

24.6 Rights and discretions of the Agent

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 20.1 (Non-payment of Principal Amount);

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) any notice or request made by the Company (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of the Company.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.

(g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor any Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

24.7 Majority Lenders’ instructions
(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrain from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) or under paragraph (d) below until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender’s consent) in any legal or arbitration proceedings relating to any Finance Document.

24.8 Responsibility for documentation

No Administrative Party:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Administrative Party, the Company or any other person given in or in connection with any Finance Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document;

(c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

24.9 Exclusion of liability

(a) Without limiting paragraph (b) below, the Agent shall not be liable for any cost, loss or liability incurred by any Party as a consequence of:

(i) the Agent having taken or having omitted to take any action under or in connection with any Finance Document, unless
directly caused by the Agent’s gross negligence or wilful misconduct; or

(ii) any delay in the crediting to any account of an amount required under the Finance Documents to be paid by the Agent if the Agent shall have taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for the purpose of such payment.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause 24.9 subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.

(c) Nothing in this Agreement shall oblige any Administrative Party to conduct any “know your customer” or other procedures in relation to any person on behalf of any Lender and each Lender confirms to each Administrative Party that it is solely responsible for any such procedures it is required to conduct and that it shall not rely on any statement in relation to such procedures made by any Administrative Party.

(d) Notwithstanding anything to the contrary in this Agreement or in any other Finance Document, the Agent shall not in any event be liable for any loss or damage, or any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any reason which is beyond the control of the Agent, including, but not limited to, any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any event where, in the reasonable opinion of the Agent, performance of any duty or obligation under or pursuant to this Agreement would or may be illegal or would result in the Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organisation to which the Agent is subject.

(e) Notwithstanding any other term or provision of this Agreement to the contrary, the Agent shall not be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever, whether or not foreseeable, or for any loss of business,
goodwill, opportunity or profit, whether arising directly or indirectly and whether or not foreseeable, even if the Agent is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise. The provisions of this Clause 24.9 shall survive the termination or expiry of this Agreement or the resignation or removal of the Agent.

24.10 Refrain from Illegality

The Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction which would or might otherwise render it liable to any person.

24.11 Lenders’ indemnity to the Agent

(a) Each Lender shall, in accordance with paragraph (b) below, indemnify the Agent within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Agent’s gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by the Company pursuant to a Finance Document).

(b) The proportion of such cost, loss or liability to be borne by each Lender shall be in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero.

(c) The Lenders’ indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.

24.12 Resignation of the Agent

(a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Company.

(b) Alternatively the Agent may resign by giving thirty (30) days’ notice to the other Finance Parties and the Company, in which case the Majority Lenders (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within thirty (30) days after notice of resignation was given, the retiring Agent (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(d) The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor.
Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent’s resignation notice shall take effect only upon the appointment of a successor, provided that notwithstanding any of the foregoing, the resignation of the Agent otherwise in accordance with the provisions of this Clause 24 shall be effective immediately in the event that the Agent’s continuing appointment would conflict with (and such resignation would be required by) applicable law or the Agent’s internal policies (including without limitation with respect to “know-your-client” and/or any conflict of interest) that in each case, cannot be resolved to the reasonable satisfaction of the Agent.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 24.12. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Company, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

(h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(a) the Agent fails to respond to a request under Clause 24.14 (FATCA information) and the Company or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(ii) any information supplied by the Agent pursuant to Clause 24.14 (FATCA information) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii) the Agent notifies the Company and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Company or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Company or that Lender, by notice to the Agent, requires it to resign.

For the purposes of this paragraph (h):

FATCA has the meaning given to that term in Clause 12.1 (Tax definitions).

FATCA Application Date means:

(A) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the U.S.), 1 July 2014; or

(B) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (A) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

FATCA Deduction has the meaning given to that term in Clause 12.1 (Tax definitions).

FATCA Exempt Party means a Party that is entitled to receive payments free from any FATCA Deduction.

24.13 Replacement of the Agent

(a) After consultation with the Company, the Majority Lenders may, by giving thirty (30) days’ notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent or by appointing a successor Agent (acting through an office in Hong Kong).

(b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 24.13 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

(d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

24.14 FATCA Information

(a) Subject to paragraph (c) below, the Agent shall, within ten Business Days of a reasonable request by the Company or a Lender:
(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.

(b) If the Agent confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, the Agent shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige the Agent to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If the Agent fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:

(i) if the Agent failed to confirm whether it is (and/or remains) a FATCA Exempt Party then the Agent shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and

(ii) if the Agent failed to confirm its applicable “passthru payment percentage” then the Agent shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is 100 per cent, until (in each case) such time as the Agent provides the requested confirmation, forms, documentation or other information.

24.15 Confidentiality

(a) In acting as agent for the Finance Parties, each of the Agent shall be regarded as acting through its agency or, as the case may be, trustee division which shall be treated as a separate legal person from any other of its branches, divisions or departments.
If information is received by another branch, division or department of the legal person which is the Agent, it may be treated as confidential to that branch, division or department and the Agent shall not be deemed to have notice of it.

Notwithstanding any other provision of any Finance Document to the contrary, the Agent shall not be obliged to disclose to any Finance Party any information supplied to it by the Company or any Affiliates of the Company on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

24.16 Relationship with the Lenders

(a) Subject to Clause 26.2 (Distributions by the Agent), the Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Lender shall supply the Agent with any information that the Agent may reasonably specify as being necessary or desirable to enable the Agent to perform its functions as Agent.

(c) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 28.5 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 28.2 (Addresses) and paragraph (a) of Clause 28.5 (Electronic communication) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

24.17 Credit appraisal by the Lenders

Without affecting the responsibility of the Company for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to each Administrative Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each Group Member;
(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

24.18 Agent’s management time

Any amount payable to the Agent under Clause 15.3 (Indemnity to the Agent), Clause 16 (Costs and Expenses) and Clause 24.11 (Lenders’ indemnity to the Agent) shall include the reasonable cost of utilising the Agent’s management time or other resources in respect of any duties which are outside the scope of the normal duties of the Agent under the Finance Documents and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 11 (Fees). For the avoidance of doubt, any action required to be undertaken by the Agent in respect of or in relation to any Default, change in structure of the Facility, including acts contemplated in Clauses 16.2 (Amendment costs) and 16.3 (Enforcement costs) shall not be regarded as tasks falling within the scope of the normal duties of the Agent under the Finance Documents. In the event of any dispute in respect of such cost of utilising the Agent’s management time or other resources, the costs to be paid shall be as reasonably determined by the Agent.

24.19 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

25. Sharing among the Finance Parties

25.1 Payments to Finance Parties
If a Finance Party (a **Recovering Finance Party**) receives or recovers (whether by set off or otherwise) any amount from the Company other than in accordance with Clause 26 (*Payment Mechanics*) (a **Recovered Amount**) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 26 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 26.6 (*Partial payments*).

25.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the Company and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with Clause 26.6 (*Partial payments*) towards the obligations of the Company to the Sharing Finance Parties.

25.3 Recovering Finance Party’s rights

(a) On a distribution by the Agent under Clause 25.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from the Company, as between the Company and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by the Company.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Company shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

25.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with
an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the Redistributed Amount); and

(b) as between the Company and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by the Company.

25.5 Exceptions

(a) This Clause 25 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 25.5, have a valid and enforceable claim against the Company.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

26. Payment Mechanics

26.1 Payments to the Agent

(a) On each date on which the Company or a Lender is required to make a payment under a Finance Document, the Company or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

26.2 Distributions by the Agent

(a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 26.3 (Distributions to the Company), Clause 26.4 (Clawback), Clause 26.6 (Partial payments) and Clause 24.19 (Deduction from amounts payable by the Agent) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office):
(i) with respect to the Company and the Original Lenders, to such account as specified in Part A (Original Lenders) of Schedule 8 (Account Details) (or such other account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency);

(ii) with respect to the Company and the Third Restatement Effective Date Lenders, to such account as specified in Part B (Third Restatement Effective Date Lenders) of Schedule 8 (Account details) (or such other account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency); or

(iii) with respect to any other Party, to such account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency.

(b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date PROVIDED THAT the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to Clause 21 (Changes to the Lenders) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

26.3 Distributions to the Company

The Agent may (with the consent of the Company or in accordance with Clause 27 (Set-Off)) apply any amount received by it for the Company in or towards payment (in the currency and funds of receipt) of any amount due from the Company under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

26.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then, provided the Agent has notified the other Party in writing of such amount, the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that
amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

(c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Company before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Company:

(i) the Agent shall notify the Company of that Lender’s identity and the Company shall on demand refund it to the Agent; and

(ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Company shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

(d) If the Agent pays an amount to another Party which is an Erroneous Payment, then, provided the Agent has notified the other Party in writing of such amount within five Business Days of the date of receipt (or, if in good faith determination of the other Party a longer notice period would be reasonable in the circumstances, such longer notice period), the Party to whom that amount was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds (except that no interest will be payable by the other Party if such amount is paid to it due to the fraud, gross negligence or wilful misconduct of the Agent).

(e) Neither:

(i) the obligations of any Party to the Agent; nor

(ii) the remedies of the Agent,

(whether arising under this Clause 26.4 or otherwise) which relate to an Erroneous Payment will be affected by any act, omission, matter or thing (including, without limitation, any obligation pursuant to which an Erroneous Payment is made) which, but for this paragraph (e), would reduce, release, preclude or prejudice any such obligation or remedy (whether or not known by the Agent or any other Party).

(f) All payments to be made by a Party to the Agent (whether made pursuant to this Clause 26.4 or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

(g) In this Agreement, **Erroneous Payment** means a payment of an amount by the Agent to another Party which the Agent determines (in its sole
discretion acting in good faith and in a commercially reasonable manner) was made in error.

26.5 Impaired Agent

(a) If, at any time, the Agent becomes an Impaired Agent, the Company or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 26.1 (Payments to the Agent) may instead either:

(i) pay that amount direct to the required recipient(s); or

(ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Company or the Lender making the payment (the Paying Party) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the Recipient Party or Recipient Parties).

In each case such payments must be made on the due date for payment under the Finance Documents.

(b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties pro rata to their respective entitlements.

(c) A Party which has made a payment in accordance with this Clause 26.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.

(d) Promptly upon the appointment of a successor Agent in accordance with Clause 24.13 (Replacement of the Agent), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 26.2 (Distributions by the Agent).

(e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:

(i) that it has not given an instruction pursuant to paragraph (d) above; and

(ii) that it has been provided with the necessary information by that Recipient Party,
give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

26.6 Partial payments

(a) If any Finance Party receives or recovers an amount from or in respect of the Company under or in connection with any Finance Document which amount is insufficient to, or is not applied to, discharge all the amounts then due and payable by the Company under the Finance Documents, then the Agent shall apply that payment towards the obligations of the Company under the Finance Documents in the following order:

(i) first, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent under the Finance Documents;

(ii) secondly, in or towards payment *pro rata* of any accrued interest, fee (other than as provided in (i) above) or commission due but unpaid under the Finance Documents;

(iii) thirdly, in or towards payment *pro rata* of any principal due but unpaid under this Agreement; and

(iv) fourthly, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by the Company.

26.7 No set-off by the Company

All payments to be made by the Company under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) setoff or counterclaim.

26.8 Business Days

(a) Any payment which is due to be made on a day (other than a Final Repayment Date) that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). If a Final Repayment Date is not a Business Day, any payment which is due to be made on that Final Repayment Date shall be made on the preceding Business Day.

(b) During any extension of the due date for payment of any principal or Unpaid Sum under paragraph (a) above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

26.9 Currency of account
(a) Subject to paragraphs (b) to (e) below, US Dollar is the currency of account and payment for any sum due from the Company under any Finance Document.

(b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than US Dollar shall be paid in that other currency.

26.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (acting reasonably and after consultation with the Company); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably and after consultation with the Company).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

27. Set-Off

While an Event of Default is continuing, a Finance Party may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
That Finance Party shall promptly notify the Company of any such set-off or conversion.

28. Notices

28.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

28.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company that identified with its name below;
(b) in the case of each Lender that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
(c) in the case of the Agent that identified with its name below,
or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days’ notice.

28.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will be effective:

(i) if by way of fax, only when received in legible form; or
(ii) if by way of letter, only when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 28.2 (Addresses), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent’s signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to the Company shall be sent through the Agent.
(d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

28.4 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

28.5 Electronic communication

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days’ notice.

(b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

(c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

28.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English
29. Calculations and Certificates

29.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

29.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document shall set out the basis of calculation in reasonable detail and is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

29.3 Day count convention

(a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated:

(i) on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Market differs, in accordance with that market practice; and

(ii) subject to paragraph (b) below, without rounding.

(b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by the Company under a Finance Document shall be rounded to 2 decimal places.

30. Partial invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

31. Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
32. Amendments and waivers

32.1 Required consents

(a) Subject to Clause 2.3 (Additional Commitments), Clause 32.2 (Exceptions) and Clause 32.3 (Extension of Commitments), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Company and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 32.

32.2 Exceptions

(a) Subject to Clause 32.3 (Extension of Commitments) and Clause 32.8 (Changes to reference rates), an amendment or waiver that has the effect of changing or which relates to:

(i) the definition of Majority Lenders in Clause 1.1 (Definitions);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) an increase in the amount of any Commitment or an extension of the period of availability for utilisation of any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably;

(v) any provision which expressly requires the consent of all the Lenders;

(vi) Clause 2.3 (Additional Commitments);

(vii) Clause 2.5 (Finance Parties’ rights and obligations); or

(viii) Clause 21 (Changes to the Lenders) or this Clause 32.2, shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of any Administrative Party may not be effected without the consent of such Administrative Party.

32.3 Extension of Commitments

(a) Subject to Clause 32.4 (Requirement to offer extension of Commitments to all Lenders), the Company and any Lender may agree that:

(i) the Availability Period and Final Repayment Date applicable to such participation be extended; and
(ii) if any extension as referred to in sub-paragraph (i) above applies, the Margin applicable to the relevant participation should be adjusted.

(b) Following any agreement as referred to in paragraph (a) above, the Company and the relevant Lender(s) may notify the Agent, giving details of the applicable agreement (the “Extension Agreement”).

(c) Promptly following notification in accordance with paragraph (b) above, the Agent shall, at the cost of the Company, agree with the Company on behalf of the Finance Parties such amendments to the Finance Documents as may be necessary or appropriate to give effect to the Extension Agreement (which may for the avoidance of doubt include designating the affected participations as loans under a new facility).

(d) The Agent shall promptly provide to each of the Finance Parties copies of any amendment agreement entered into pursuant to paragraph (c) above.

32.4 Requirement to offer extension of Commitments to all Lenders

(a) The Agent will only be authorised to enter into an amendment agreement under paragraph (c) of Clause 32.3 (Extension of Commitments) if prior to entering into such amendment agreement it is satisfied (acting reasonably) that:

(i) each Lender shall have been offered the opportunity to participate in such extension in an amount up to that Lender’s Pro Rata Share; and

(ii) each Lender shall have been given a period of at least 10 Business Days following receipt of the proposed terms of the extension referred to in paragraph (a) of Clause 32.3 (Extension of Commitments), to determine (A) whether or not to participate; and (B) if it wishes to participate, the amount of its Commitment (up to its Pro Rata Share) that it is willing to extend on the proposed terms.

(b) For the purposes of paragraph (a) above, Pro Rata Share means in relation to a Lender whose Commitments are being extended, the percentage of the aggregate amount of the relevant Extended Loans that that Lender’s Commitment bears to the Total Commitments.

(c) For the avoidance of doubt, prior to the date on which the Company and the relevant Lender(s) execute an Extension Agreement, the Company shall have no obligation to proceed with any proposed extension.

32.5 Disenfranchisement of Defaulting Lenders

(a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:

(i) the Majority Lenders; or
(ii) whether:

(A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents,

that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender’s Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of this Clause 32.5, the Agent may assume that the following Lenders are Defaulting Lenders:

(i) any Lender which has notified the Agent that it has become a Defaulting Lender;

(ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b), (c) or (d) of Clause 1.1 (Definitions) of the definition of Defaulting Lender has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

32.6 Excluded Commitments

If:

(a) any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within fifteen Business Days of that request being notified to the Lenders (or, if later, within 15 Business Days of the date on which the Lenders have received such information as the Agent determines is reasonably required to allow the Lenders to respond to the relevant request in an informed manner); or

(b) any Lender which is not a Defaulting Lender fails to respond to such a request for such a vote within fifteen Business Days of that request being made,

(unless, in either case, the Company and the Agent agree to a longer time period in relation to any request):
its Commitment(s) shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

32.7 Replacement of Lender

(a) If:

(i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (d) below); or

(ii) the Company becomes obliged to repay any amount in accordance with Clause 7.1 (Illegality) or to pay additional amounts pursuant to Clause 13 (Increased Costs), Clause 12.2 (Tax gross-up) or Clause 12.3 (Tax indemnity) to any Lender; or

(iii) any Lender becomes a Defaulting Lender,

then the Company may, on fifteen (15) Business Days’ prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 21 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution or other entity (a Replacement Lender) selected by the Company, which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 21 (Changes to the Lenders) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest (to the extent that the Agent has not given a notification under Clause 21.10 (Pro-rata interest settlement)) and other amounts payable in relation thereto under the Finance Documents.

On or after the delivery of the notice under this paragraph (a), the Company shall deliver a Transfer Certificate complying with Clause 21.5 (Procedure for transfer) and executed by the relevant Replacement Lender and any other related documentation to effect the transfer, which Transfer Certificate and any other related documentation to effect the transfer (if attached) shall be promptly (and by no later than the later of (i) 15 (fifteen) Business Days after delivery by the Company of such notice and (ii) 3 (three) Business Days after delivery by the Company of such Transfer Certificate and all other related documentation) executed by the relevant Lender subject to the replacement (the Replaced Lender) and returned to the Company and
the Agent. Notwithstanding the requirements of Clause 21 (Changes to the Lenders) or any other provisions of the Finance Documents (save only for the conditions set out in paragraph (b) below, which continue to apply), if a Replaced Lender does not execute and return (as applicable) a Transfer Certificate and all other related documentation to effect the transfer as required by this paragraph (a) on or before the later of (i) 15 (fifteen) Business Days after delivery by the Company of such notice and (ii) 3 (three) Business Days after delivery by the Company of such Transfer Certificate and all other related documentation and none of the conditions set out in paragraph (b) below remain to be satisfied in respect of that transfer, (i) the relevant Replaced Lender shall be a Defaulting Lender for all purposes under the Finance Documents, (ii) the relevant transfer or transfers shall automatically and immediately be effected for all purposes under the Finance Documents on payment of the applicable replacement amount to the Agent (for the account of the relevant Replaced Lender) (notwithstanding the failure to execute and return such documentation by the relevant Replaced Lender (a Failure)), (iii) the Agent may (and is authorised and required by each Finance Party to) execute, without requiring any further consent or action from any other party, a Transfer Certificate and any other related documentation to effect the transfer on behalf of the relevant Replaced Lender which is required to transfer its rights and obligations under this Agreement pursuant to this paragraph (a) which shall be effective for the purposes of Clause 21.5 (Procedure for transfers) and (iv) to the extent that any transfer purported to be automatically effected by this Clause 32.7 is not effective, the relevant Replaced Lender shall indemnify and hold the Agent and each applicable Replacement Lender harmless against any loss or liability incurred by such person as result of the Failure and account to each applicable Replacement Lender for all applicable principal and accrued amounts of interest unless and until such transfer is effected. The Agent shall not be liable in any way for any action taken by it pursuant to this paragraph (a) and, for the avoidance of doubt, the provisions of Clause 24.9 (Exclusion of liability) shall apply in relation thereto.

(b) The replacement of a Lender pursuant to this Clause 32.7 shall be subject to the following conditions:

(i) the Company shall have no right to replace the Agent;

(ii) neither the Agent nor the Lender shall have any obligation to the Company to find a Replacement Lender;

(iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 Business Days after the date on which that Lender is deemed a Non-Consenting Lender;

(iv) in no event shall the Lender replaced under Clause 32.4 (Requirement to offer extension of Commitments to all Lenders)
be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and

(v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.

(c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.

(d) In the event that:

(i) the Company or the Agent (at the request of the Company) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;

(ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and

(iii) the Majority Lenders have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a Non-Consenting Lender.

32.8 Changes to reference rates

(a) Subject to paragraph (b) of Clause 32.2 (Exceptions), if a Published Rate Replacement Event has occurred in relation to any Published Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Reference Rate in place of that Published Rate; and

(i)

(A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;

(B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Reference Rate;
(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Company.

(b) An amendment or waiver that relates to, or has the effect of, aligning the means of calculation of interest on a Compounded SOFR Loan under this Agreement to any recommendation of a Relevant Nominating Body which:

(i) relates to the use of the RFR on a compounded basis in the international or any relevant domestic syndicated loan markets; and

(ii) is issued on or after the date of this Agreement,

may be agreed between the Company and the Agent (acting on the instructions of the Majority Lenders).

(c) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) or (b) above within 15 Business Days (or such longer time period in relation to any request which the Company and the Agent may agree) of that request being made:

(i) its Commitment shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage of Total Commitments has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.
(d) In this Clause 32.8:

*Published Rate* means:

(i) an RFR;

(ii) Overnight SOFR; or
(iii) Term SOFR for any Quoted Tenor.

**Published Rate Replacement Event** means, in relation to a Published Rate:

(i) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Majority Lenders and the Company, materially changed;

(ii)

(A)

(I) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or

(II) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent, provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;

(B) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;

(C) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued; or

(D) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or

(iii) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(A) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Company) temporary; or
(B) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than one month;

(iv) in the opinion of the Majority Lenders and the Company, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

Relevant Nominating Body means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

Replacement Reference Rate means a reference rate which is:

(i) formally designated, nominated or recommended as the replacement for a Published Rate by:

(A) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or

(B) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Reference Rate” will be the replacement under paragraph (B) above;

(ii) in the opinion of the Majority Lenders and the Company, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Published Rate; or

(iii) in the opinion of the Majority Lenders and the Company, an appropriate successor to a Published Rate.

33. Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

34. Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:
(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

35. Recognition of Hong Kong Stay Powers

(a) Notwithstanding anything to the contrary in this Agreement or any other Finance Document or any other agreement, arrangement or understanding between the Parties relating to this Agreement, each of the Parties (other than any Excluded Counterparties) expressly agrees to be bound by any suspension of any termination right in relation to this Agreement imposed by the Hong Kong Resolution Authority in accordance with section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, to the same extent as if this Agreement was governed by the laws of Hong Kong.

(b) For the purpose of this Clause 35:

Excluded Counterparty means any Party which is (a) a financial market infrastructure; (b) the Hong Kong Monetary Authority; (c) the Government of the Hong Kong Special Administrative Region; (d) the government of a jurisdiction other than Hong Kong; or (e) the central bank of a jurisdiction other than Hong Kong; and

Hong Kong Resolution Authority means the resolution authority in Hong Kong in relation to a banking sector entity from time to time, which is currently the Hong Kong Monetary Authority.

36. Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

37. Enforcement

37.1 Jurisdiction of English courts

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute relating to any non-contractual obligation arising from or in
connection with this Agreement and any dispute regarding the existence, validity or termination of this Agreement) (a \textit{Dispute}).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 37.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

37.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law:

(a) the Company irrevocably appoints Law Debenture Corporate Services Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify the Company of the process will not invalidate the proceedings concerned.

The Company expressly agrees and consent to the provision of this Clause 37.2.

37.3 Waiver of immunities

The Company irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

(a) suit;
(b) jurisdiction of any court;
(c) relief by way of injunction or order for specific performance or recovery of property;
(d) attachment of its assets (whether before or after judgment); and
(e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

This Agreement has been entered into on the date stated at the beginning of this Agreement.
Schedule 1  
The Lenders  

Part A The Original Lenders  

<table>
<thead>
<tr>
<th>Name of Original Lender</th>
<th>Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CREDIT SUISSE AG, SINGAPORE BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH)</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>GOLDMAN SACHS BANK USA</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>GOLDMAN SACHS INTERNATIONAL BANK</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MORGAN STANLEY BANK, N.A.</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>US$3,000,000,000</strong></td>
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</tbody>
</table>
### Part B The Second Restatement Effective Date Lenders

<table>
<thead>
<tr>
<th>Name of Second Restatement Effective Date Lender</th>
<th>Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD. HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD. OFFSHORE BANKING UNIT</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>HANG SENG BANK LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>NANYANG COMMERCIAL BANK, LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE BANK OF EAST ASIA, LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF CHINA LIMITED MACAU BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK LTD.</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK LTD., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA MERCHANTS BANK CO., LTD., HONG KONG BRANCH, A JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA WITH LIMITED LIABILITY</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA MERCHANTS CO., LTD., OFFSHORE BANKING CENTER</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CREDIT SUISSE AG, SINGAPORE BRANCH</td>
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</tr>
<tr>
<td>STANDARD CHARTERED BANK (HONG KONG) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>Name of Second Restatement Effective Date Lender</td>
<td>Commitment (US$)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>WELLS FARGO BANK, NATIONAL ASSOCIATION</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>GOLDMAN SACHS BANK USA</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>GOLDMAN SACHS INTERNATIONAL BANK</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE NORINCHUKIN BANK, SINGAPORE BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CATHAY UNITED BANK, TAIWAN BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>TAISHIN INTERNATIONAL BANK</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>KGI BANK</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE SHANGHAI COMMERCIAL &amp; SAVINGS BANK, LTD.</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>AGRICULTURAL BANK OF CHINA LTD., NEW YORK BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF CHINA (HONG KONG) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>E. SUN COMMERCIAL BANK, LTD., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>SHINKIN CENTRAL BANK</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>WING LUNG BANK, LIMITED</td>
<td>[REDACTED]</td>
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<tr>
<td>OVERSEA-CHINESE BANKING CORPORATION LIMITED (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY)</td>
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<tr>
<td>SUMITOMO MITSUI BANKING CORPORATION</td>
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</tr>
<tr>
<td>JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MORGAN STANLEY BANK, N.A.</td>
<td>[REDACTED]</td>
</tr>
</tbody>
</table>

**Total:** US$4,000,000,000
### Part C The Third Restatement Effective Date Lenders

<table>
<thead>
<tr>
<th>Name of Third Restatement Effective Date Lender</th>
<th>Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANK OF CHINA LIMITED MACAU BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF CHINA (HONG KONG) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</td>
<td>[REDACTED]</td>
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<tr>
<td>BANK OF COMMUNICATIONS (HONG KONG) LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD. OFFSHORE BANKING UNIT</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>STANDARD CHARTERED BANK (HONG KONG) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>HANG SENG BANK LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>AGRICULTURAL BANK OF CHINA LTD., NEW YORK BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK LTD.</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG)</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK, N.A., HONG KONG BRANCH (ORGANIZED UNDER THE LAWS OF THE U.S.A WITH LIMITED LIABILITY)</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CREDIT SUISSE AG, SINGAPORE BRANCH</td>
<td>[REDACTED]</td>
</tr>
</tbody>
</table>
MORGAN STANLEY BANK, N.A. [REDACTED]
THE NORINCHUKIN BANK, SINGAPORE BRANCH [REDACTED]
CHINA CITIC BANK INTERNATIONAL LIMITED [REDACTED]
OVERSEA-CHINESE BANKING CORPORATION LIMITED (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY) [REDACTED]
BARCLAYS BANK PLC [REDACTED]
CAIXABANK, S.A. [REDACTED]
NANYANG COMMERCIAL BANK, LIMITED [REDACTED]
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. [REDACTED]
CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA) [REDACTED]
DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH) [REDACTED]
CATHAY UNITED BANK, TAIWAN BRANCH [REDACTED]
MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH [REDACTED]
CHINA MERCHANTS BANK CO., LTD., HONG KONG BRANCH, A JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA WITH LIMITED LIABILITY [REDACTED]
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HONG KONG BRANCH (INCORPORATED IN FRANCE WITH LIMITED LIABILITY) [REDACTED]

Total: US$4,000,000,000
Schedule 2
Conditions precedent

1. Company

(a) A copy of the constitutional documents of the Company (comprising, its currently effective memorandum and articles of association, certificate of incorporation (and certificate(s) of incorporation on change of name, if any), register of directors and register of mortgages and charges).

(b) A copy of a resolution of the board of directors of the Company:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;

(iii) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A certificate from the Company (signed by a director) confirming that borrowing the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded.

(e) A certificate of an authorised signatory of the Company certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(f) A copy of a certificate of good standing of the Company.

(g) A copy of a certificate of incumbency (or registered officer provider’s certificate) from the registered officer provider of the Company.

2. Finance Documents

Copies of the following (duly executed and delivered by all parties thereto):

(a) this Agreement;

(b) each Fee Letter (excluding any Additional Commitment Fee Letter); and

(c) the Syndication Letter.

3. Legal opinions
(a) A legal opinion as to English law from Freshfields Bruckhaus Deringer in relation to the documents referred to in paragraph 2 above, addressed to the Original Mandated Lead Arrangers, the Agent and the Original Lenders and in form and substance satisfactory to the Original Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

(b) A legal opinion as to Cayman Islands law from Maples Group, addressed to the Original Mandated Lead Arrangers, the Agent and the Original Lenders and in form and substance satisfactory to the Original Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

4. Other documents and evidence

(a) Evidence that the process agent referred to in Clause 37.2 (**Service of process**) has accepted its appointment.

(b) A copy of the Group Structure Chart.

(c) Evidence that any fees, costs and expenses then due from the Company pursuant to Clause 11 (**Fees**) and Clause 16 (**Costs and Expenses**) have been paid or will be paid by the first Utilisation Date.
Schedule 3
Requests

Part A Utilisation Request

From: Alibaba Group Holding Limited
To: [Agent]
Dated:

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated [*] 2023 respectively (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement shall have the same meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

   Proposed Utilisation Date: [ ] (or, if that is not a Business Day, the next Business Day)
   Currency of Loan: US Dollars
   Amount: [ ] or, if less, the Available Facility
   Interest Period: [ ]

3. We confirm that each applicable condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. The proceeds of this Loan should be credited to [account].

5. This Utilisation Request is irrevocable.

   Yours faithfully

   authorised signatory for
   Alibaba Group Holding Limited
Part B Selection Notice

From: Alibaba Group Holding Limited
To: [Agent]
Dated:

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated [ ] (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Selection Notice. Terms defined in the Facility Agreement shall have the same meaning in this Selection Notice.

2. We refer to the following Loan[s] with an Interest Period ending on [●].

3. We request that the next Interest Period for the above Loan[s] is [●].

4. This Selection Notice is irrevocable.

Yours faithfully

authorised signatory for
Alibaba Group Holding Limited
Schedule 4
Form of Transfer Certificate

To: [ ] as Agent

From: [The Existing Lender] (the Existing Lender) and [The New Lender] (the New Lender)

Dated:

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated [*] 2023 respectively (the Facility Agreement)

1. We refer to Clause 21.5 (Procedure for transfer) of the Facility Agreement. This is a Transfer Certificate. Terms used in the Facility Agreement shall have the same meaning in this Transfer Certificate.

2. The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with Clause 21.5 (Procedure for transfer), all of the Existing Lender’s rights and obligations under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participations in Loans under the Facility Agreement as specified in the Schedule.

3. The proposed Transfer Date is [ ].

4. The Facility Office and address, fax number and attention particulars for notices of the New Lender for the purposes of Clause 28.2 (Addresses) are set out in the Schedule.

5. The New Lender expressly acknowledges:

(a) the limitations on the Existing Lender’s obligations set out in paragraphs (a) and (c) of Clause 21.4 (Limitation of responsibility of Existing Lenders); and

(b) that it is the responsibility of the New Lender to ascertain whether any document is required or any formality or other condition requires to be satisfied to effect or perfect the transfer contemplated by this Transfer Certificate or otherwise to enable the New Lender to enjoy the full benefit of each Finance Document.

6. The New Lender confirms that it is a “New Lender” within the meaning of Clause 21.1 (Transfers by the Lenders).

7. The New Lender confirms that it is not an Industrial Competitor.

8. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
9. This Transfer Certificate [and all non-contractual obligations arising from or in connection with this Transfer Certificate] [is/are] governed by English law.

10. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

THE SCHEDULE

Commitment/rights and obligations to be transferred, and other particulars

Commitment/participation(s) transferred

Drawn Loan(s) participation(s) amount(s): [ ]

Available Commitment amount: [ ]

Administration particulars:

New Lender’s receiving account: [ ]

Address: [ ]

Telephone: [ ]

Facsimile: [ ]

Attn/Ref: [ ]

[the Existing Lender] [the New Lender]

By: By:

This Transfer Certificate is executed by the Agent and the Transfer Date is confirmed as [ ].

[the Agent]

By:

Note: It is the New Lender’s responsibility to ascertain whether any other document is required, or any formality or other condition is required to be satisfied, to effect or
perfect the transfer contemplated in this Transfer Certificate or to give the New Lender full enjoyment of all the Finance Documents.
Schedule 5
Material Subsidiaries

1. Alibaba Group Treasury Limited [A15]
2. Alibaba.com Limited [B40]
3. Alibaba.com Investment Holding Limited [B41]
4. Alibaba.com China Limited [B42]
5. Taobao Holding Limited [T01]
6. Taobao China Holding Limited [T02]
To: Citicorp International Limited as Agent  
Alibaba Group Holding Limited as the Company  

From: [the Increase Lender] (the Increase Lender)  

Dated:  

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated [*] 2023 respectively (the Facility Agreement)  

1. We refer to the Facility Agreement. This agreement (the Agreement) shall take effect as an Increase Confirmation for the purpose of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.  

2. We refer to Clause 2.2 (Increase) of the Facility Agreement.  

3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the Relevant Commitment) as if it was an Original Lender under the Facility Agreement.  

4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the Increase Date) is [ ].  

5. On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents as a Lender.  

6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 28.2 (Addresses) of the Facility Agreement are set out in the Schedule.  

7. The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (d) of Clause 2.2 (Increase) of the Facility Agreement.  

8. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.  

9. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.  

10. This Agreement has been entered into on the date stated at the beginning of this Agreement.
THE SCHEDULE
Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]
[Facility Office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facility Agreement by the Agent and the Increase Date is confirmed as [ ].

Agent

By:
Schedule 7
Form of Confidentiality Undertaking

[Letterhead of Existing Lender]

To:

[insert name of potential transferee / Participant]

The Facility Agreement

Borrower: Alibaba Group Holding Limited
Date of Facility Agreement:
Amount: US$4,000,000,000
Facility Agent: Citicorp International Limited

We understand that you are considering acquiring an interest in the Facility Agreement and (if applicable) the other Finance Documents which, subject to the Facility Agreement, may be by way of novation, the entering into, whether directly or indirectly, of a sub-participation or any other transaction under which payments are to be made or may be made by reference to one or more Finance Documents and/or the Borrower or by way of investing in or otherwise financing, directly or indirectly, any such novation, sub-participation or other transaction (the *Acquisition*).

In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. **Confidentiality Undertaking**

   You undertake:

   (a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information; and

   (b) until the Acquisition is completed, to use the Confidential Information only for the Permitted Purpose.

2. **Permitted Disclosure**

   You may disclose Confidential Information:

   (a) to any member of the Purchaser Group, its professional advisers, officers, directors, employees, auditors and other persons providing services to it (provided that such person is under a duty of confidentiality
in relation to the Confidential Information, professional, contractual or otherwise, to you) to the extent necessary for the Permitted Purpose, if such person to whom the Confidential Information is to be given pursuant to this paragraph is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) (i) where requested or required by any court of competent jurisdiction or any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Purchaser Group;

(c) to any person:

(i) to (or through) whom you transfer (or may potentially transfer) all or any of the rights, benefits and obligations which you may acquire under the Facility Agreement; or

(ii) with (or through) whom you enter into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Facility, the Facility Agreement and/or one or more of the other Finance Documents or the Borrower,

provided that such person has delivered to you (with a copy to the Company) a letter in equivalent form to this letter; and

(d) notwithstanding paragraphs (a) to (c) above, to such persons to whom, and on the same terms as, a Finance Party is permitted to disclose Confidential Information under the Facility Agreement, as if such permissions were set out in full in this letter and as if references in those permissions to a Finance Party were references to you.

3. Notification of Required or Unauthorised Disclosure

To the extent practicable and permitted by law and regulation, you agree to inform us:

(a) of the full circumstances of any disclosure under paragraph 2(b) above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this letter.
4. **Return/Destruction of Confidential Information**

If you do not enter into the Acquisition and we so request in writing, you shall:

(a) return or destroy all Confidential Information supplied to you by us;

(b) destroy or permanently erase all copies of Confidential Information made by you; and

(c) use reasonable endeavours to ensure that anyone who has received any Confidential Information destroys or permanently erases such Confidential Information and all copies made by them,

in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2(b) above.

However, you and any such recipients shall not be under any obligation to return, destroy or permanently erase any Confidential Information:

(i) contained in any work produced by any member of the Purchaser Group, its professional advisers or other persons providing services to it, to the extent that any of them are required by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or stock exchange or by internal policy to retain such work; or

(ii) contained in any computer record or file which has been created by or pursuant to any automatic electronic archiving system or IT back-up procedure.

5. **Continuing Obligations**

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease on the earliest of:

(a) if you become a party to the Facility Agreement as a lender of record, the date on which you become such a party to the Facility Agreement;

(b) if you enter into the Acquisition but it does not result in you becoming a party to the Facility Agreement as a lender of record, the date falling twelve (12) months after the date on which all of your rights and obligations contained in the documentation entered into to implement that Acquisition have terminated;
(c) in any other case, the date falling twelve (12) months after the date of your final receipt (in whatever manner) of any Confidential Information.

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

(a) neither we nor any member of the Borrower Group nor any of our or their respective officers, employees, affiliates or advisers (each a Relevant Person) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Borrower Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Borrower Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

(b) we or members of the Borrower Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach by you of the provisions of this letter.

If you become a party to the Finance Documents, the terms of paragraph (a) above are without prejudice to your right to enforce and enjoy any term of any Finance Document on and from the date on which you become a party to the Finance Documents.

7. No Waiver; Amendments, etc

This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter and supersedes any previous agreement, whether express or implied, regarding the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege under this letter. The terms of this letter and your obligations under this letter may be amended or modified only by written agreement between you and us.

8. Inside Information

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing or market misconduct and you undertake not to use any Confidential Information for any unlawful purpose.
9. Nature of Undertakings

The undertakings given by you in this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each member of the Borrower Group.

10. Third party rights

Subject to this paragraph 10 and to paragraphs 6 and 9 above, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the Third Parties Act) to enforce or to enjoy the benefit of any term of this letter.

The Relevant Persons and each member of the Borrower Group may enjoy the benefit of the terms of paragraphs 6 and 9 above subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.

Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Borrower Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) and all non-contractual obligations arising from or in connection with this letter shall be governed by and construed in accordance with the laws of England and the courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to any non-contractual obligation arising out of or in connection with this letter).

12. Definitions

In this letter (including the acknowledgement set out below):

Borrower Group means the Borrower and each of its Holding Companies and Subsidiaries and each Subsidiary of each of its Holding Companies.

Confidential Information means the Finance Documents, any information relating to the Borrower, Borrower Group, the Finance Documents or the Facility (including without limitation the information package and any other information provided in relation to the Facility) provided to you by us or any of our affiliates or advisers, in whatever form, and:

(a) includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, but

(b) excludes information that:

(i) is or becomes public knowledge other than as a direct or indirect result of any breach by you of this letter, or
(ii) is known by you before the date the information is provided to you by us or any of our affiliates or advisers, or

(iii) is lawfully disclosed to you, other than from a source which is connected with the Borrower Group, after the date it is provided to you by us or any of our affiliates or advisers,

and which, in the case of sub-paragraphs (b)(ii) and (b)(iii) above, as far as you are aware, has not been disclosed in violation of, and is not otherwise subject to, any obligation of confidentiality.

**Facility Agreement** means the Facility Agreement described in the heading of this letter.

**Finance Documents** means the documents defined in the Facility Agreement as Finance Documents.

**Finance Party** means the parties defined in the Facility Agreement as Finance Parties.

**Holding Company** means, in relation to any company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**Permitted Purpose** means considering and evaluating whether to enter into the Acquisition.

**Purchaser Group** means you, your head office and any other branch, each of your Holding Companies and Subsidiaries and each Subsidiary of each of your Holding Companies.

**Subsidiary** means, in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

for and on behalf of
[Existing Lender]

To: [Existing Lender]
The Borrower and each other member of the Borrower Group
We acknowledge and agree to the above:

for and on behalf of
[potential transferee / Participant]
Schedule 8
Account Details

Part A Original lenders

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

CURRENCY:

USD CORRESPONDENT BANK:

SWIFT ADDRESS:

BENEFICIARY BANK:

SWIFT ADDRESS:

BENEFICIARY NAME:

BENEFICIARY ACCOUNT NUMBER:

ATTENTION:

REFERENCE:

CITIBANK N.A., HONG KONG BRANCH

CORRESPONDENT BANK NAME:

CORRESPONDENT BANK SWIFT ADDRESS:

BENEFICIARY BANK ACCOUNT NUMBER:

BENEFICIARY BANK ACCOUNT NAME:

BENEFICIARY BANK SWIFT ADDRESS:

FINAL BENEFICIARY ACCOUNT NUMBER:
FINAL BENEFICIARY ACCOUNT NAME:

ATTENTION:

CREDIT SUISSE AG, SINGAPORE BRANCH

CURRENCY:

BENEFICIARY BANK:

SWIFT NO.:

BENEFICIARY DETAILS:

A/C NO.:

REFERENCE:

DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH)

CORRESPONDENT BANK NAME:

CORRESPONDENT BANK SWIFT ADDRESS:

BENEFICIARY BANK ACCOUNT NUMBER:

BENEFICIARY BANK ACCOUNT NAME:

BENEFICIARY BANK SWIFT ADDRESS:

FINAL BENEFICIARY ACCOUNT NUMBER:

FINAL BENEFICIARY ACCOUNT NAME:
ATTENTION:

GOLDMAN SACHS BANK USA

CURRENCY:  
ROUTING CODE:  
ABA:  
NAME:  
LOCATION:  
ROUTING CODE:  
NAME:  
ACCOUNT:  
REF:  

GOLDMAN SACHS INTERNATIONAL BANK  

CURRENCY:  
ROUTING CODE:  
ABA:  
NAME:  
LOCATION:  
ROUTING CODE:  
NAME:  
ACCOUNT:  
REF:  

JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH  

CORRESPONDENT BANK:
SWIFT CODE:
A/C NAME:
SWIFT CODE:
A/C NO.:
REFERENCE:

MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH

PAY TO:
FOR ACCOUNT OF:
ACCOUNT NO.:
REFERENCE:

MORGAN STANLEY BANK, N.A.

BENEFICIARY ACCOUNT
BENEFICIARY ACCOUNT
NUMBER:
BANK NAME:
BANK SWIFT:
ABA:
REFERENCE:
Part B Third Restatement Effective Date Lenders

AGRICULTURAL BANK OF CHINA LIMITED, NEW YORK BRANCH
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Reference

BANK OF CHINA (HONG KONG) LIMITED
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

BANK OF CHINA LIMITED MACAU BRANCH
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Reference
BANK OF COMMUNICATIONS (HONG KONG) LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

BANK OF COMMUNICATIONS CO., LTD. OFFSHORE BANKING UNIT

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference
BARCLAYS BANK PLC

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

CAIXABANK, S.A.

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

CATHAY UNITED BANK, TAIWAN BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

CHINA CITIC BANK INTERNATIONAL LIMITED

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference
CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

CHINA MERCHANTS BANK CO., LTD., HONG KONG BRANCH, A JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA WITH LIMITED LIABILITY

CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA)

CITIBANK, N.A., HONG KONG BRANCH (ORGANIZED UNDER THE LAWS OF THE U.S.A WITH LIMITED LIABILITY)
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HONG KONG BRANCH (INCORPORATED IN FRANCE WITH LIMITED LIABILITY)

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

CREDIT SUISSE AG, SINGAPORE BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG)

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference
DBS BANK LTD.
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH)
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

HANG SENG BANK LIMITED
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED
Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Reference
JPMORGAN CHASE BANK, N.A., ACTING THROUGH ITS HONG KONG BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

MORGAN STANLEY BANK, N.A.

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Reference

NANYANG COMMERCIAL BANK, LIMITED

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference
OVERSEA-CHINESE BANKING CORPORATION LIMITED (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY)

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

STANDARD CHARTERED BANK (HONG KONG) LIMITED

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference

THE NORINCHUKIN BANK, SINGAPORE BRANCH

Correspondent Bank Name
Correspondent Bank SWIFT
Beneficiary Account Number
Beneficiary Account Name
Beneficiary Account SWIFT
Reference
Additional Commitment Notice number: [1/2/3 ...]

To: The Agent

From: The Company and the Accordion Lenders named herein

Dated: [*]

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated [*] 2023 respectively (the Facility Agreement)

1. We refer to the Facility Agreement. This notice shall take effect as an Additional Commitment Notice for the purpose of the Facility Agreement. Unless otherwise defined herein, terms used in the Facility Agreement shall have the same meaning in this notice.

2. We refer to Clause 2.3 (Additional Commitments) of the Facility Agreement.

3. We have agreed with the following Accordion Lenders that they commit Additional Commitments as follows:

<table>
<thead>
<tr>
<th>Name of Accordion Lender</th>
<th>Existing Lenders (yes/no)</th>
<th>Additional Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL:

4. The date on which the Additional Commitments referred to above are confirmed is [DATE].

5. By countersigning this notice:
   (a) each Accordion Lender agrees to commit the Additional Commitments set out against its name in paragraph 3 above and assume all of the obligations corresponding to such Additional Commitments as a Lender under the Facility Agreement;
   (b) each Accordion Lender which is not an Existing Lender under the Facility Agreement expressly confirms and acknowledges the following:
(i) it is not an Industrial Competitor;

(ii) on and with effect from the date referred to in paragraph 4 above, it shall become party to the Facility Agreement and the other relevant Finance Documents as a Lender;

(iii) its Facility Office and address, fax number and attention details for notices for the purposes of Clause 28.2 (Addresses) of the Facility Agreement are set out in the Schedule to this notice; and

(iv) it is its own responsibility to ascertain whether any document is required or any formality or other condition is required to be satisfied to enable it to enjoy the full benefit of each Finance Document.

6. This notice may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this notice.

7. This notice and all non-contractual obligations arising from or in connection with this notice are governed by English law.

8. This notice has been entered into on the date stated at the beginning of this notice.

Yours faithfully

______________________________
authorised signatory for
Alibaba Group Holding Limited

Countersigned by

[NAME OF EACH ACCORDION LENDER]
THE SCHEDULE
[insert relevant details for each Accordion Lender which is not an Existing Lender under the Facility Agreement]

[Facility Office address, fax number and attention details for notices and account details for payments]

This notice is accepted as an Additional Commitment Notice for the purposes of the Facility Agreement by the Agent.

Agent

By:
From: Alibaba Group Holding Limited
To: [Agent]
Dated:

Alibaba Group Holding Limited – US$4,000,000,000 Facility Agreement dated 9 March 2016, as amended by a syndication and amendment agreement dated 3 May 2016 and as further amended and restated by an amendment and restatement agreement dated 29 May 2019 and an amendment and restatement agreement dated [•] 2023 respectively (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Rate Switch Notice (Term SOFR). Terms defined in the Facility Agreement shall have the same meaning in this notice.

2. We refer to Clause 8.6 (Rate switch) of the Facility Agreement. We notify you that the Rate Switch Date (Term SOFR) is [date].

3. This Rate Switch Notice (Term SOFR) and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

authorised signatory for
Alibaba Group Holding Limited
Schedule 11
Compounded Rate Terms

**CURRENCY:** USD.

**Cost of funds as a fallback**

Cost of funds will not apply as a fallback.

**Definitions**

**Business Day Conventions:**

(a) If any period is expressed to accrue by reference to a Month or any number of Months then, in respect of the last Month of that period:

(i) subject to paragraph (iii) below, if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

(b) If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

**Central Bank Rate** means:

**(Compounded SOFR):**

(a) the short-term interest rate target set by the US Federal Open Market Committee as
published by the Federal Reserve Bank of New York from time to time; or

(b) if that target is not a single figure, the arithmetic mean of:

   (i) the upper bound of the short-term interest rate target range set by the US Federal Open Market Committee and published by the Federal Reserve Bank of New York; and

   (ii) the lower bound of that target range.

Central Bank Rate Adjustment (Compounded SOFR):
In relation to the Central Bank Rate prevailing at close of business on any RFR Banking Day, the 20 per cent trimmed arithmetic mean (calculated by the Agent, or by any other Finance Party which agrees to do so in place of the Agent) of the Central Bank Rate Spread (Compounded SOFR) for the five most immediately preceding RFR Banking Days for which Overnight SOFR is available.

In relation to any RFR Banking Day, the difference (expressed as a percentage rate per annum) calculated by the Agent (or by any other Finance Party which agrees to do so in place of the Agent) between:

(a) Overnight SOFR for the RFR Banking Day; and

(b) the Central Bank Rate (Compounded SOFR) prevailing at the close of business on that RFR Banking Day.

Central Bank Rate Spread (Compounded SOFR):
Daily Rate: The Daily Rate for any RFR Banking Day is:

(a) the RFR for that RFR Banking Day; or

(b) if the RFR is not available for that RFR Banking Day, the percentage rate per annum which is the aggregate of:

   (i) the Central Bank Rate (Compounded SOFR) for that RFR Banking Day; and

   (ii) the applicable Central Bank Rate Adjustment (Compounded SOFR); or

144□ 48
(c) if paragraph (b) above applies but the Central Bank Rate (Compounded SOFR) for that RFR Banking Day is not available, the percentage rate per annum which is the aggregate of:

(i) the most recent Central Bank Rate (Compounded SOFR) for a day which is no more than five RFR Banking Days before that RFR Banking Day; and

(ii) the applicable Central Bank Rate Adjustment (Compounded SOFR), rounded, in either case, to four decimal places and if, in either case, the aggregate of that rate and the applicable Credit Adjustment Spread is less than zero, the Daily Rate shall be deemed to be such a rate that the aggregate of the Daily Rate and the applicable Credit Adjustment Spread is zero.

**Lookback Period:** Five RFR Banking Days.

**Relevant Market:** The market for overnight cash borrowing collateralised by US Government securities.

**RFR:** The secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

**RFR Banking Day:** Any day other than:

(a) a Saturday or Sunday; and

(b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

**Interest Periods**

For any Compounded SOFR 1 Month Loan, periods capable of selection as Interest Periods
(paragraph (d) of Clause 9.1 (Selection of Interest Periods)):
Schedule 12
Daily Non-Cumulative Compounded RFR Rate

The Daily Non-Cumulative Compounded RFR Rate for any RFR Banking Day “i” during an Interest Period for a Compounded SOFR Loan is the percentage rate per annum (without rounding, to the extent reasonably practicable for the Finance Party performing the calculation, taking into account the capabilities of any software used for that purpose and except as otherwise provided below) calculated as set out below:

\[(UCCDR_i - UCCDR_{i-1}) \times \frac{dcc}{ni}\]

where:

\(UCCDR_i\) means the Unannualised Cumulative Compounded Daily Rate for that RFR Banking Day \(i\);

\(UCCDR_{i-1}\) means, in relation to that RFR Banking Day \(i\), the Unannualised Cumulative Compounded Daily Rate for the immediately preceding RFR Banking Day (if any) during that Interest Period;

dcc means 360 or, in any case where market practice in the Relevant Market is to use a different number for quoting the number of days in a year, that number;

\(ni\) means the number of calendar days from, and including, that RFR Banking Day \(i\) up to, but excluding, the following RFR Banking Day; and

the Unannualised Cumulative Compounded Daily Rate for any RFR Banking Day (the Cumulated RFR Banking Day) during that Interest Period is the result of the below calculation (without rounding, to the extent reasonably practicable for the Finance Party performing the calculation, taking into account the capabilities of any software used for that purpose):

\[ACCDR \times \frac{tni}{dcc}\]

where:

ACCDR means the Annualised Cumulative Compounded Daily Rate for that Cumulated RFR Banking Day;

\(tni\) means the number of calendar days from, and including, the first day of the Cumulation Period to, but excluding, the RFR Banking Day which immediately follows the last day of the Cumulation Period;

Cumulation Period means the period from, and including, the first RFR Banking Day of that Interest Period to, and including, that Cumulated RFR Banking Day;

dcc has the meaning given to that term above; and
the *Annualised Cumulative Compounded Daily Rate* for that Cumulated RFR Banking Day is the percentage rate per annum (rounded to four decimal places, with 0.00005 being rounded upwards) calculated as set out below:

\[
\prod_{i=1}^{d_0} \left( 1 + \frac{\text{DailyRate}_{i-LP} \times n_i}{dcc} \right) - 1 \times \frac{dcc}{tn_i}
\]

where:

- \(d_0\) means the number of RFR Banking Days in the Cumulation Period;

- *Cumulation Period* has the meaning given to that term above;

- \(i\) means a series of whole numbers from one to \(d_0\), each representing the relevant RFR Banking Day in chronological order in the Cumulation Period;

- \(\text{DailyRate}_{i-LP}\) means, for any RFR Banking Day \(i\) in the Cumulation Period, the Daily Rate for the RFR Banking Day which is the applicable Lookback Period prior to that RFR Banking Day \(i\);

- \(n_i\) means, for any RFR Banking Day \(i\) in the Cumulation Period, the number of calendar days from, and including, that RFR Banking Day \(i\) up to, but excluding, the following RFR Banking Day;

- \(dcc\) has the meaning given to that term above;

and \(tn_i\) has the meaning given to that term above.
The Company

ALIBABA GROUP HOLDING LIMITED

By: /s/ Gloria Yuehong Qin
Name: Gloria Yuehong Qin
Title: Vice President, Corporate Finance
The Agent

CITICORP INTERNATIONAL LIMITED

By: /s/ Edmond Pang
Name: Edmond Pang
Title: Vice President
ALIBABA GROUP HOLDING LIMITED
as the Company

CITICORP INTERNATIONAL LIMITED
as Agent

SECOND AMENDMENT AND RESTATEMENT
AGREEMENT
in respect of a
US$6,500,000,000 Facility Agreement
dated 7 April 2017 as amended by an amendment and
restatement agreement dated 24 June 2021
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CLAUSE PAGE

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SCHEDULE 1 SECOND AMENDED AND RESTATED FACILITY AGREEMENT ....................................................................................... 4
THIS SECOND AMENDMENT AND RESTATEMENT AGREEMENT (this *Agreement*) is dated 16 May 2023 and made between:

(1) **ALIBABA GROUP HOLDING LIMITED** (the *Company*); and

(2) **CITICORP INTERNATIONAL LIMITED** as facility agent of the Finance Parties (other than itself) (the *Agent*).

**WHEREAS:**

(A) This Agreement is supplemental to and amends the facility agreement dated 7 April 2017 between, among others, the Company and the Agent as amended by an amendment and restatement agreement dated 24 June 2021 between, among others, the Company and the Agent (the *Original Facility Agreement*).

(B) The Agent is authorised and has been instructed to execute this Agreement on behalf of the Finance Parties pursuant to clause 32 (**Amendments and waivers**) of the Original Facility Agreement.

**IT IS AGREED** as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement:

*Consent Request* means the consent request dated 17 February 2023 delivered by the Company to the Agent in connection with the amendments and consents set out in this Agreement.

*Party* means a party to this Agreement.

*Second Amended and Restated Facility Agreement* means the Original Facility Agreement, as amended and restated by this Agreement.

*Second Restatement Effective Date* means 31 May 2023 or such later date as may be agreed by the Company and the Agent.

1.2 Save as defined in this Agreement, words and expressions defined in the Original Facility Agreement shall have the same meanings in this Agreement.

1.3 Paragraphs (a)(i) to (iv), (a)(vi) to (xiii) and (b) of clause 1.2 (**Construction**) and clauses 1.3 (**Third Party rights**), 28 (**Notices**), 30 (**Partial invalidity**) and 31 (**Remedies and waivers**) of the Original Facility Agreement shall be deemed to be incorporated into this Agreement save that references in the Original Facility Agreement to “this Agreement” shall be construed as references to this Agreement, references in the Original Facility Agreement to “Parties” shall be construed as references to the Parties and cross references to specified clauses thereof are references to the equivalent clauses set out or incorporated herein.

2. **AMENDMENT AND RESTATEMENT**

2.1 With effect from the Second Restatement Effective Date, the Original Facility Agreement shall be amended and restated such that it shall be read and construed for all purposes as set out in Schedule 1 (**Second Amended and Restated Facility Agreement**) and all references therein to “this Agreement” shall be to the Original Facility Agreement as amended and restated by this Agreement.
2.2 The Company makes each of the representations and warranties set out in clause 17 (Representations) of the form of Second Amended and Restated Facility Agreement on the Second Restatement Effective Date by reference to the facts and circumstances then existing.

3. **FEES AND EXPENSES**

The Company shall reimburse the Agent for (or pay on its behalf) its reasonable costs and expenses (including legal fees) incurred in connection with the Consent Request and the amendments contemplated by this Agreement within five Business Days of demand.

4. **RECOGNITION OF HONG KONG STAY POWERS**

4.1 Notwithstanding anything to the contrary in this Agreement or any other Finance Document or any other agreement, arrangement or understanding between the Parties relating to this Agreement, each of the Parties (other than any Excluded Counterparties) expressly agrees to be bound by any suspension of any termination right in relation to this Agreement imposed by the Hong Kong Resolution Authority in accordance with section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, to the same extent as if this Agreement was governed by the laws of Hong Kong.

4.2 For the purpose of this Clause 4:

**Excluded Counterparty** means any Party which is (a) a financial market infrastructure; (b) the Hong Kong Monetary Authority; (c) the Government of the Hong Kong Special Administrative Region; (d) the government of a jurisdiction other than Hong Kong; or (e) the central bank of a jurisdiction other than Hong Kong; and

**Hong Kong Resolution Authority** means the resolution authority in Hong Kong in relation to a banking sector entity from time to time, which is currently the Hong Kong Monetary Authority.

5. **MISCELLANEOUS**

5.1 This Agreement is a Finance Document for the purposes of the Original Facility Agreement and the Second Amended and Restated Facility Agreement.

5.2 This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5.3 The provisions of the Original Facility Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

6. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

7. **ENFORCEMENT**

7.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute to any non-contractual obligations arising from or in connection with this Agreement and any dispute relating to the existence, validity or termination of this Agreement) (a Dispute).
7.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

7.3 This Clause 7 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

This Agreement has been entered into on the date stated at the beginning of this Agreement.
SCHEDULE 1
SECOND AMENDED AND RESTATED FACILITY AGREEMENT
7 April 2017
(as amended and restated by an amendment and restatement agreement
dated 24 June 2021 and an amendment and restatement agreement
dated 16 May 2023 respectively)

ALIBABA GROUP HOLDING LIMITED

arranged by

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Restatement Effective Date Mandated Lead Arrangers & Bookrunners

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Restatement Effective Date Mandated Lead Arrangers

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Restatement Effective Date Lead Arrangers

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Restatement Effective Date Arrangers

THE FINANCIAL INSTITUTIONS NAMED HEREIN
as Restatement Effective Date Lenders

with

CITICORP INTERNATIONAL LIMITED
acting as Agent

US$6,500,000,000
FACILITY AGREEMENT
for
ALIBABA GROUP HOLDING LIMITED
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THIS AGREEMENT is dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and an amendment and restatement agreement dated 16 May 2023 respectively

BETWEEN

(1) ALIBABA GROUP HOLDING LIMITED (the Company);

(2) THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, STANDARD CHARTERED BANK (HONG KONG) LIMITED, MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), MUFG BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH, BNP PARIBAS, CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED, CITIBANK, N.A., HONG KONG BRANCH, DBS BANK LTD., INTESA SANPAOLO S.P.A., HONG KONG BRANCH, JPMORGAN CHASE BANK, N.A., ACTING THROUGH ITS HONG KONG BRANCH and MORGAN STANLEY SENIOR FUNDING, INC. (whether acting individually or together, the Restatement Effective Date Mandated Lead Arrangers & Bookrunners);

(3) AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED and ING BANK N.V., SINGAPORE BRANCH (whether acting individually or together, the Restatement Effective Date Mandated Lead Arrangers);

(4) BANK OF CHINA (HONG KONG) LIMITED, CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA), INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED, BANK OF COMMUNICATIONS CO., LTD., MACAU BRANCH and BANK OF COMMUNICATIONS CO., LTD. (ACTING THROUGH ITS OFFSHORE BANKING UNIT) (whether acting individually or together, the Restatement Effective Date Lead Arrangers);

(5) CREDIT SUISSE AG, SINGAPORE BRANCH, CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH, AGRICULTURAL BANK OF CHINA LIMITED, NEW YORK BRANCH, BANCO BILBAO VIZCAYA ARGENTARIA, S.A. HONG KONG BRANCH and CICC HONG KONG FINANCE (CAYMAN) LIMITED (whether acting individually or together, the Restatement Effective Date Arrangers);

(6) THE FINANCIAL INSTITUTIONS listed in Part B (The Restatement Effective Date Lenders) of Schedule 1 (The Lenders) as lenders (the Restatement Effective Date Lenders); and

(7) CITICORP INTERNATIONAL LIMITED as agent of the Finance Parties (other than itself) (the Agent).
IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Agreement:

**Acceptable Bank** means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(b) any other bank or financial institution approved by the Agent (acting on the instructions of the Majority Lenders);

**Accession Letter** means a document substantially in the form set out in Schedule 9 (Form of Accession Letter);

**Accordion Lender** has the meaning given to that term in Clause 2.3 (Additional Commitments);

**Accounting Principles** means, in relation to the Company, US GAAP, IFRS or any other internationally recognised accounting standard as approved by the Majority Lenders;

**Additional Borrower** means a Subsidiary of the Company which becomes an Additional Borrower in accordance with Clause 22 (Changes to the Obligors);

**Additional Commitment** means:

(a) in relation to an entity identified as a Lender in an Additional Commitment Notice, the amount set opposite its name under the heading “Additional Commitment” in such Additional Commitment Notice and the amount of any other Additional Commitment transferred to it under this Agreement; or

(b) in relation to any other Lender, the amount of any Additional Commitment transferred to it under this Agreement to the extent not cancelled, reduced or transferred by it under this Agreement;

**Additional Commitment Fee Letter** means each fee letter entered into between an Obligor and, if applicable, the Lenders or other banks which commit Additional Commitments;

**Additional Commitment Notice** means a notice substantially in the form set out in Schedule 8 (Form of Additional Commitment Notice) delivered by the Company to the Agent in accordance with Clause 2.3 (Additional Commitments);

**Administrative Party** means each of the Agent and the Arrangers;

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;
**Amendment and Restatement Agreement** means the amendment and restatement agreement dated 24 June 2021 between the Company and the Agent;

**APLMA** means the Asia Pacific Loan Market Association Limited;

**Arranger** means:

(a) prior to the Restatement Effective Date, any Original Mandated Lead Arranger; and

(b) on or after the Restatement Effective Date, any Restatement Effective Date Mandated Lead Arranger and Bookrunner, Restatement Effective Date Mandated Lead Arranger, Restatement Effective Date Lead Arranger or Restatement Effective Date Arranger;

**Authorisation** means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

**Availability Period** means the period from and including the date of this Agreement to and including the date falling fifty-nine (59) months after the Restatement Effective Date;

**Available Commitment** means a Lender’s Commitment minus:

(a) the aggregate amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Utilisation, the aggregate amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date,

other than, in relation to any proposed Utilisation, that Lender’s participation in any Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date;

**Available Facility** means the aggregate for the time being of each Lender’s Available Commitment;

**Bail-In Action** means the exercise of any Write-down and Conversion Powers;

**Bail-In Legislation** means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires
contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-in Legislation;

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, Singapore and New York; and

(a) (in relation to:

(i) any date for payment or purchase of an amount relating to a Compounded SOFR Loan; or

(ii) the determination of the first day or the last day of an Interest Period for a Compounded SOFR Loan, or otherwise in relation to the determination of the length of such an Interest Period),

which is an RFR Banking Day relating to that Loan or Unpaid Sum; and

(b) (in relation to the fixing of an interest rate for a Term SOFR Loan) which is a US Government Securities Business Day;

**Capital Stock of any person** means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity;

**Central Bank Rate (Compounded SOFR)** has the meaning given to that term in the applicable Compounded Rate Terms;

**Central Bank Rate (Term SOFR)** means the percentage rate per annum which is the aggregate of:

(a) the short-term interest rate target set by the US Federal Open Market Committee as published by the Federal Reserve Bank of New York from time to time or if that target is not a single figure, the arithmetic mean of:

(i) the upper bound of the short-term interest rate target range set by the US Federal Open Market Committee and published by the Federal Reserve Bank of New York; and

(ii) the lower bound of that target range; and

(b) the Central Bank Rate Adjustment (Term SOFR);

**Central Bank Rate Adjustment (Compounded SOFR)** has the meaning given to that term in the applicable Compounded Rate Terms;

**Central Bank Rate Adjustment (Term SOFR)** means in relation to the Central Bank Rate (Term SOFR) prevailing at close of business on any US Government Securities Business Day, the 20 per cent trimmed arithmetic mean (calculated by the Agent, or by any other Lender which agrees to do so in place of the Agent) of the Central Bank Rate Spread (Term SOFR) for the five most immediately preceding US Government Securities Business Days for which Term SOFR is available;
**Central Bank Rate Spread (Term SOFR)** means in relation to any US Government Securities Business Day, the difference (expressed as a percentage rate per annum) calculated by the Agent (or by any other Lender which agrees to do so in place of the Agent) between:

(a) the Daily Simple SOFR for that US Government Securities Business Day, and

(b) the Central Bank Rate (Term SOFR) (but ignoring the reference to paragraph (b) of the definition of the **Central Bank Rate (Term SOFR)**) prevailing at close of business on that US Government Securities Business Day;

**Commitment** means:

(a) in relation to an Original Lender, (i) the amount set opposite its name under the heading Commitment in Part A (**The Original Lenders**) of Schedule 1 (**The Lenders**) and (ii) the amount of any other Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (**Increase**) or Clause 2.3 (**Additional Commitments**);

(b) in relation to a Restatement Effective Date Lender, (i) the amount set opposite its name under the heading Commitment in Part B (**The Restatement Effective Date Lenders**) of Schedule 1 (**The Lenders**) and (ii) the amount of any other Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (**Increase**) or Clause 2.3 (**Additional Commitments**); and

(c) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (**Increase**) or Clause 2.3 (**Additional Commitments**),

to the extent not cancelled, reduced or transferred by it under this Agreement;

**Competitors** means Alphabet, Amazon (including Joyo.com), Baidu, eBay (including PayPal), Facebook, Microsoft, Tencent (including Tenpay), JD.com (formerly, 360Buy), Wal-Mart Stores, Inc., Yihaodian, Xiaomi, 58.com, Yahoo! JAPAN (including SoftBank Group), Qihoo 360, Vipshop, Rakuten, Ping An (including Lufax but excluding Ping An Bank), UnionPay, Uber, NetEase, Pinduoduo, Meituan, Sea Limited and iQiyi and each of their controlled Affiliates;

**Compounded Rate Interest Payment** means the aggregate amount of interest that:

(a) is, or is scheduled to become, payable under any Finance Document; and

(b) relates to a Compounded SOFR Loan;

**Compounded Rate Supplement** means a document which:

(a) is agreed in writing by the Company and the Agent (acting on the instructions of the Majority Lenders);

(b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to Compounded Rate Terms; and

(c) has been made available to the Company and each Finance Party;
Compounded Rate Terms means the terms set out in Schedule 12 (Compounded Rate Terms) or in any Compounded Rate Supplement;

Compounded SOFR Loan means any Loan or, if applicable, Unpaid Sum which is not a Term SOFR Loan;

Compounded SOFR Reference Rate means, in relation to any RFR Banking Day during the Interest Period of a Compounded SOFR Loan, the percentage rate per annum which is the aggregate of:

(a) the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day; and

(b) Credit Adjustment Spread;

Compounding Methodology Supplement means, in relation to the Daily Non-Cumulative Compounded RFR Rate, a document which:

(a) is agreed in writing by the Company, the Agent (in its own capacity) and the Agent (acting on the instructions of the Majority Lenders);

(b) specifies a calculation methodology for that rate; and

(c) has been made available to the Company and each Finance Party;

Confidentiality Undertaking means a confidentiality undertaking substantially in a recommended form of the APLMA as set out in Schedule 6 (Form of Confidentiality Undertaking) or in any other form agreed between the Company and the Agent and in any event the benefit of which accrues to each of the Obligors as a third party beneficiary;

Consolidated Affiliated Entity of any person means any corporation, association or other entity which is or is required to be consolidated with such person under Accounting Standards Codification subtopic 810-10, Consolidation: Overall (including any changes, amendments or supplements thereto) or, if such person prepares its financial statements in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, Consolidation: Overall under such accounting principles;

Controlled Entity of any person means a Subsidiary or a Consolidated Affiliated Entity of such person;

Credit Adjustment Spread means [REDACTED] per cent per annum;

Daily Non-Cumulative Compounded RFR Rate means, in relation to any RFR Banking Day during an Interest Period for a Compounded SOFR Loan, the percentage rate per annum determined by the Agent (or by any other Finance Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 13 (Daily Non-Cumulative Compounded RFR Rate);

Daily Rate means the rate specified as such in the Compounded Rate Terms;

Daily Simple SOFR means, for any day (a SOFR Rate Day), a rate per annum equal to Overnight SOFR for the day that is five RFR Banking Days prior to (i) if such SOFR Rate Day is a RFR Banking Day, such SOFR Rate Day; (ii) if such SOFR Rate Day is
not an RFR Banking Day, the RFR Banking Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website; or (iii) if Overnight SOFR is not available on either such day set out in (i) or (ii) (as applicable) above, the date on which Overnight SOFR was last available;

**Default** means an Event of Default or any event or circumstance specified in Clause 20 (Events of Default) which would (with the expiry of a grace period, the giving of notice or the making of any determination (other than as to materiality) referred to in Clause 20 (Events of Default)) be an Event of Default;

**Defaulting Lender** means any Lender:

(a) which has failed to make its participation in a Loan available or has notified the Agent or the Company (which has notified the Agent) that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (Lenders’ participation);

(b) which becomes a Defaulting Lender pursuant to paragraph (a) of Clause 32.7 (Replacement of Lender);

(c) which has otherwise rescinded or repudiated a Finance Document; or

(d) with respect to which an Insolvency Event has occurred and is continuing, unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

   (A) administrative or technical error; or

   (B) a Disruption Event; and,

   payment is made within two Business Days of its due date; or

(ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question;

**Disruption Event** means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

   (i) from performing its payment obligations under the Finance Documents; or
(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

**Distributable Reserves** means, in relation to a Major Material Subsidiary incorporated in the PRC which is a WFOE, the retained earnings of such WFOE that may in accordance with any applicable PRC law and regulation and PRC GAAP be distributed to its shareholders outside of the PRC after taking into account all Taxes payable under PRC law and all statutory reserve requirements in the PRC;

**Dormant Subsidiary** means a Group Member which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, any material assets (including, without limitation, indebtedness owed to it);

**EBITDA** means the consolidated income before income tax and share of net losses or gains of equity investees of the Group before taxation (including the results from any discontinued operations):

(a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any Group Member (calculated on a consolidated basis);

(b) not including any accrued interest owing to any Group Member;

(c) before taking into account any Exceptional Items;

(d) before taking into account any unrealised gains or losses on any derivative instrument or similar financial instrument (but excluding any derivative instrument which is accounted for on a hedge accounting basis);

(e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date to which the Original Financial Statements were made up;

(f) before taking into account the charge to profit represented by expensing of stock based compensation;

(g) after adding back any amount attributable to the amortisation, depreciation or impairment of assets of the Group Members; and

(h) after excluding any Excluded Earnings,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining income before income tax and share of net losses or gains of equity investees of the Group before taxation;

**EEA Member Country** means any member state of the European Union, Iceland, Liechtenstein and Norway;

**EU Bail-In Legislation Schedule** means the document described as such and published by the Loan Market Association (or any successor person) from time to time;
**Event of Default** means any event or circumstance specified as such in Clause 20 (Events of Default);

**Exceptional Items** means any exceptional, one off, non-recurring or extraordinary items including those arising on:

(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
(b) disposals, revaluations or impairment of non-current assets; and
(c) disposals of assets associated with discontinued operations;

**Excluded Earnings** means any earnings (whether positive or negative) of the Finance Companies and the Project Companies;

**Extended Loan** means a Loan or part of a Loan in respect of which the Obligors and the relevant Lender(s) have agreed to amend certain terms pursuant to an Extension Agreement;

**Extension Agreement** has the meaning given to that term in Clause 32.3 (Extension of Commitments);

**Facility** means the revolving loan facility made available under this Agreement as described in Clause 2.1 (The Facility) as such facility may be increased pursuant to Clause 2.3 (Additional Commitments);

**Facility Office** means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement;

**Fallback Interest Payment (Term SOFR)** means the aggregate amount of interest that:

(a) is, or is scheduled to become, payable under paragraph (b), (c) or (d) of Clause 10 (Unavailability of Term SOFR); and
(b) relates to a Term SOFR Loan;

**Fee Letter** means any letter or letters referring to this Agreement or the Facility between one or more Administrative Parties and an Obligor setting out any of the fees referred to in Clause 11 (Fees), any letter or letters referring to this Agreement or the Facility between one or more Restatement Effective Date Lenders or the agent and the Company in relation to the Amendment and Restatement Agreement and any Additional Commitment Fee Letter;

**Final Repayment Date** means the date falling sixty (60) months after the Restatement Effective Date;

**Finance Company** means:

(a) 深圳市一达通企业服务有限公司 (Shen Zhen One Touch Business Service Ltd.) and each of its Subsidiaries as at the date of this Agreement; and
(b) any other Group Member whose primary function is the provision of merchant, consumer or other credit finance and/or related credit services (including provision of guarantees), which has obtained a small loans lending or other lending, credit, guarantee or comparable licence from the relevant regulator;

*Finance Document* means this Agreement, the Amendment and Restatement Agreement, the Second Amendment and Restatement Agreement, the Consent Request (as defined in the Amendment and Restatement Agreement), the Consent Request (as defined in the Second Amendment and Restatement Agreement), any Fee Letter, any Utilisation Request, any Additional Commitment Notice, any Accession Letter, any Resignation Letter, any Compounded Rate Supplement, any Compounding Methodology Supplement and any other document designated as such by the Company and the Agent (or by the Company and the Lenders, provided that the Agent receives notification of such designation);

*Finance Party* means the Agent, an Arranger or a Lender;

*Governmental Agency* means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute);

*Group* means the Company and its Subsidiaries from time to time;

*Group Member* means a member of the Group;

*Group Structure Chart* means the summary group structure chart in the agreed form;

*Historic Term SOFR* means, in relation to any Term SOFR Loan, the most recent Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan and which is as of a US Government Securities Business Day which is no more than three US Government Securities Business Days before the Quotation Day;

*Holding Company* means, in relation to a person, any other person in respect of which it is a Subsidiary;

*Hong Kong* means the Hong Kong Special Administrative Region of the People’s Republic of China;

*IFRS* means International Financial Reporting Standards as issued by the International Accounting Standards Board;

*Impaired Agent* means the Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of *Defaulting Lender*, or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:
(i) its failure to pay is caused by:
   (A) administrative or technical error; or
   (B) a Disruption Event; and

(ii) payment is made within two Business Days of its due date; or

(iii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question;

**Increase Confirmation** means a confirmation substantially in the form set out in Schedule 5 (Form of Increase Confirmation);

**Increase Lender** has the meaning given to that term in Clause 2.2 (Increase);

**Indebtedness** means any and all obligations of a person for money borrowed which, in accordance with US GAAP, would be reflected on the balance sheet of such person as a liability on the date as of which Indebtedness is to be determined;

**Indenture** means the indenture dated as of 28 November 2014 in connection with the US$8,000,000,000 notes issued by the Company;

**Indirect Tax** means any goods and services tax, consumption tax, value added tax or any tax of a similar nature;

**Industrial Competitor** means any person which is, or is an Affiliate of, a Competitor, or any person that is acting on behalf of or fronting for any such person, provided that a person will not be considered to be “fronting for” or “acting on behalf of” any such person if such person has confirmed in writing to the relevant Finance Party with a copy to the Company that it is not fronting for or acting on behalf of a Competitor or an Affiliate of a Competitor;

**Insolvency Event** means, in relation to a Finance Party, that the Finance Party:
   (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
   (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
   (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
   (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
   (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted
or presented against it, such proceeding or petition is instituted or presented by
a person or entity not described in paragraph (d) above and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an
order for relief or the making of an order for its winding-up or
liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within
30 days of the institution or presentation thereof;

(f) has a resolution passed for its winding-up, official management or liquidation
(other than pursuant to a consolidation, amalgamation or merger);

(g) seeks or becomes subject to the appointment of an administrator, provisional
liquidator, conservator, receiver, trustee, custodian or other similar official for
it or for all or substantially all its assets;

(h) has a secured party take possession of all or substantially all its assets or has a
distress, execution, attachment, sequestration or other legal process levied,
enforced or sued on or against all or substantially all its assets and such secured
party maintains possession, or any such process is not dismissed, discharged,
stayed or restrained, in each case within 30 days thereafter;

(i) causes or is subject to any event with respect to it which, under the applicable
laws of any jurisdiction, has an analogous effect to any of the events specified
in paragraphs (a) to (h) above; or

(j) takes any action in furtherance of, or indicating its consent to, approval of, or
acquiescence in, any of the foregoing acts;

**Intellectual Property** means:

(a) any patents, trade marks, service marks, designs, business names, copyrights,
database rights, design rights, domain names, moral rights, inventions,
confidential information, knowhow and other intellectual property rights and
interests (which may now or in the future subsist), whether registered or
unregistered; and

(b) the benefit of all applications and rights to use such assets of each Group
Member (which may now or in the future subsist);

**Interest Period** means, in relation to a Loan, the period determined in accordance with
Clause 9 (Interest Periods) and, in relation to an Unpaid Sum, each period determined
in accordance with Clause 8.4 (Default interest);

**Interpolated Historic Term SOFR** means, in relation to any Term SOFR Loan, the rate
(rounded to the same number of decimal places as Term SOFR) which results from
interpolating on a linear basis between:

(a) either:

   (i) the most recent Term SOFR (as of a day which is not more than three
       US Government Securities Business Days before the Quotation Day)
for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, the most recent Overnight SOFR for a day which is not more than five, and not less than two, US Government Securities Business Days before the Quotation Day; and

(b) the most recent Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan;

**Interpolated Term SOFR** means, in relation to any Term SOFR Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) either:

(i) Term SOFR (as of the Quotation Day prior to 5:00 p.m. (New York time)) for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, Overnight SOFR for the day that is not more than five, and not less than two, US Government Securities Business Days before the Quotation Day; and

(b) Term SOFR (as the Quotation Day prior to 5:00 p.m. (New York time)) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan;

**Lender** means:

(a) any Original Lender;

(b) any Restatement Effective Date Lender; and

(c) any bank or financial institution (or, with the prior written consent of the Company, other person) which has become a Party in accordance with Clause 2.2 (**Increase**), Clause 2.3 (**Additional Commitments**) or Clause 21 (**Changes to the Lenders**),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement;

**Loan** means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan;

**Lookback Period** means the number of days specified as such in the Compounded Rate Terms;

**Major Material Subsidiary** means, at any time, a Group Member which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 5 per cent or more of EBITDA, calculated on a consolidated
basis, but excluding any Project Company, any Finance Company and any Dormant Subsidiary;

**Majority Lenders** means a Lender or Lenders whose Commitments aggregate more than 50 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent of the Total Commitments immediately prior to the reduction);

**Management** means the chief executive officer, the chief financial officer and the group general counsel of the Company;

**Margin** means:

(a) at all times prior to the Restatement Effective Date, 0.95 per cent per annum;

(b) on and from the Restatement Effective Date, 0.80 per cent per annum;

**Material Adverse Effect** means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or results of operations of the Group taken as a whole;

(b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents taking into account any support that they may reasonably expect from any other Group Member; or

(c) the validity or enforceability of, or the rights or remedies of any Finance Party under, any of the Finance Documents other than to the extent not materially adverse to the interests of the Finance Parties under the Finance Documents;

**Money Laundering** means:

(a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions;

(b) the concealment or disguise of the true nature, source, location, disposition, movement, right with respect to, or ownership of, property knowing that it is derived from a criminal offence; or

(c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence;

**Month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) other than where paragraph (b) below applies:

(i) (subject to sub-paragraph (iii) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
(ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end; and

(b) in relation to an Interest Period for any Compounded SOFR Loan (or any other period for the accrual of commission or fees), the rules specified as “Business Day Conventions” in the Compounded Rate Terms shall apply; and

the above rules will apply only to the last Month of any period;

**New Lender** has the meaning given to that term in Clause 21 (Changes to the Lenders);

**Non-recourse Obligation** means Indebtedness or other obligations substantially related to:

(a) the acquisition of assets not previously owned by any Obligor or any of the Company’s Controlled Entities; or

(b) the financing of a project involving the purchase, development, improvement or expansion of properties of any Obligor or any of the Company’s Controlled Entities,

as to which the obligee with respect to such Indebtedness or obligation has no recourse to any Obligor or any Controlled Entity of the Company or to the any Obligor’s or any such Controlled Entity’s assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof);

**Obligors** means the Company and (if any) the Additional Borrower(s), and **Obligor** means each one of them;

**Obligors’ Agent** means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.7 (Obligors’ Agent);

**OFAC** means the Office of Foreign Assets Control of the U.S. Department of the Treasury;

**Officer** means:

(a) in respect of the Company, the Executive Chairman of the Board, the Executive Vice Chairman, the Chief Executive Officer, the Chief Financial Officer or the Corporate Secretary of the Company;

(b) in respect of another Obligor, any director of that Obligor or in the event that the Obligor is a partnership or a limited liability company that has no director, a person duly authorised under applicable law by the general partner, managers, members or a similar body to act on behalf of that Obligor;

**Officer’s Certificate** means a certificate signed by an Officer of the relevant Obligor;
Original Financial Statements means the audited consolidated financial statements of the Group for the financial year ended 31 March 2016;

Original Lenders means the financial institutions listed in Part A (the Original Lenders) of Schedule 1 (The Lenders);

Original Mandated Lead Arrangers means AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED; THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.; BNP PARIBAS; CITIGROUP GLOBAL MARKETS ASIA LIMITED; CREDIT SUISSE AG, SINGAPORE BRANCH; DBS BANK LTD.; DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH); GOLDMAN SACHS BANK USA; THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED; ING BANK N.V., SINGAPORE BRANCH; JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH; MIZUHO BANK, LTD. And MORGAN STANLEY SENIOR FUNDING, INC. (whether acting individually or together);

Overnight SOFR means the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate);

Participant means each person to whom a Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents by way of a Participation Agreement;

Participation Agreement means each agreement or letter (including, without limitation, a fee letter) between a Lender and a Participant under which the Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents, directly or indirectly, whether by sub-participation, credit derivative (including a credit default swap or credit linked note), total return swap or in any other way but excluding any transfer or novation of any of a Lender’s Commitments and/or rights and/or obligations in accordance with Clause 21.1 (Transfers by the Lenders);

Party means a party to this Agreement;

PRC means the People’s Republic of China, excluding for these purposes Hong Kong, the Macau Special Administrative Region and Taiwan;

PRC GAAP means generally accepted accounting principles of the PRC;

Preferred Shares applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up;

Principal Controlled Entities means one of the Company’s Controlled Entities:

(a) as to which one or more of the following conditions is/are satisfied:

(i) its total revenue or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated total
revenue attributable to the Group is at least 5 per cent of the consolidated total revenue of the Group;

(ii) its net profit or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated net profit attributable to the Group (in each case before taxation and exceptional items) is at least 5 per cent of the consolidated net profit (before taxation and exceptional items) of the Group; or

(iii) its net assets or (in the case of one of the Company’s Controlled Entities which has one or more Controlled Entities) consolidated net assets attributable to the Group (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent of its consolidated net assets of the Group (after deducting minority interests in Subsidiaries of the Company),

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Controlled Entity of the Company and the then latest audited consolidated financial statements of the Company;

provided that, in relation to sub-paragraphs (i), (ii) and (iii) above:

(A) for the purpose of this definition only, Group means the Company and its Controlled Entities; and

(B)

(I) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial period to which the Company’s latest consolidated audited accounts relate, the reference to the then latest consolidated audited accounts of the Company and the Controlled Entities for the purposes of the calculation above shall, until the Company consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Company and the Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity which itself has Controlled Entities) of such Controlled Entity in such accounts;

(II) if at any relevant time in relation to the Company or any Controlled Entity which itself has Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Company and/or any such Controlled Entity shall be determined on the basis of pro forma consolidated
(II) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared for this purpose by or on behalf of the Company; and

(IV) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (1) above) are not consolidated with the Company’s accounts, then the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the Company’s consolidated accounts (determined on the basis of the foregoing); or

(b) that Principal Controlled Entity merges with or into, or to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (a) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity;

Prohibited Transferee means, in respect of any transfer or sub-participation:

(a) an Industrial Competitor; or

(b) any person which is not a bank or financial institution and which has not been specifically approved in writing by the Company;

Project Company means:

(a) Alibaba Group Properties Limited and each of its Subsidiaries as at the date of this Agreement; and

(b) any other Group Member which is (i) established or acquired after the date of this Agreement; (ii) capitalised with equity funded by equity or shareholder loans from, or on behalf of, the Company or one of its Subsidiaries; and (iii) established or acquired to develop a specific asset or project;

Quotation Day means in relation to any period for which an interest rate is to be determined for any Term SOFR Loan, two US Government Securities Business Days before the first day of that period, unless market practice differs in the relevant syndicated loans market, in which case the Quotation Day will be determined by the Agent in accordance with that market practice (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days);
**Quoted Tenor** means any period for which Term SOFR is customarily displayed on the relevant page or screen of an information service;

**Rate Switch Date (Compounded SOFR)** has the meaning given to that term in Clause 8.6 (Rate switch);

**Rate Switch Date (Term SOFR)** has the meaning given to that term in Clause 8.6 (Rate switch);

**Rate Switch Notice (Term SOFR)** means a notice substantially in the form set out in Schedule 11 (Form of Rate Switch Notice (Term SOFR));

**Relevant Market** means:

(a) in relation to a Compounded SOFR Loan, the market specified as such in the Compounded Rate Terms; and

(b) in relation to a Term SOFR Loan, the market for overnight cash borrowing collateralised by US Government securities;

**Relevant Indebtedness** means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but shall exclude any bank debt, bank loans or securitisations;

**Relevant Jurisdiction** means, in relation to each Obligor:

(a) its jurisdiction of incorporation; and

(b) any jurisdiction where it conducts a material part of its business;

**Repeating Representations** means each of the representations set out in Clauses 17.1 (Status) to 17.6 (Governing law and enforcement), Clause 17.9 (No default), Clause 17.10 (No misleading information), Clause 17.18 (Authorised Signatures), Clause 17.19 (Good title to assets), paragraph (b) of Clause 17.20 (Bribery, Anti-corruption), paragraph (b) of Clause 17.22 (Money Laundering), and, with respect to the Company only, paragraphs (a) and (b) of Clause 17.11 (Financial statements);

**Representative** means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian;

**Resignation Letter** means a document substantially in the form set out in Schedule 10 (Form of Resignation Letter);

**Resolution Authority** means any body which has authority to exercise any Write-down and Conversion Powers;

**Restatement Effective Date** means 24 June 2021;

**RFR** means the rate specified as such in the Compounded Rate Terms;

**RFR Banking Day** means any day specified as such in the Compounded Rate Terms;

**Rollover Loan** means one or more Loans:
(a) made or to be made on the same day that one or more maturing Loans is or are due to be repaid;

(b) the aggregate amount of which is equal to or less than the amount of the maturing Loan(s); and

(c) made or to be made to an Obligor for the purpose of refinancing the maturing Loan(s);

Sanctions means any sanctions, restrictions or embargoes imposed or enforced by the United Nations Security Council, the European Union, the State Secretariat for Economic Affairs of Switzerland, OFAC, the State Department of the United States, the Bureau of Industry Security of the U.S. Department of Commerce, HM Treasury of the United Kingdom, the Hong Kong Monetary Authority, the Monetary Authority of Singapore and the Department of Foreign Affairs and Trade of Australia, the Government of Japan, Japan Ministry of Finance or any sanctions measures under the Iran Sanctions Act, as amended, the Comprehensive Iran Sanctions and Divestment Act of 2010, the Iran Threat Reduction and Syria Human Rights Act, the U.S. National Defense Authorization Act for Fiscal Year 2012, the U.S. National Defense Authorization Act for Fiscal Year 2013, the Iran Freedom and Counter-Proliferation Act of 2012, the U.S. Trading With the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. Syria Accountability and Lebanese Sovereignty Act, U.S. Executive Order 13959, U.S. Executive Order 13971 (with respect to U.S. Executive Order 13971, except as disclosed in the 20-F filing of the Company) or any other executive order, directive or regulation, as may be amended or supplemented, pursuant to the authority of any of the foregoing, including the regulations of the U.S. Department of the Treasury set forth under 31 CFR, Subtitle B, Chapter V, or any order or licenses issued thereunder and any other sanctions administered by any governmental entity which is notified to the Company or a Controlled Entity by the Agent;

Second Amendment and Restatement Agreement means the amendment and restatement arrangement dated ____ May 2023 between the Company and the Agent;

Second Restatement Effective Date has the meaning given to the term “Second Restatement Effective Date” in the Second Amendment and Restatement Agreement;

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person;

Separate Loans has the meaning given to such term in Clause 6.3 (Repayment);

Subsidiary of any person means:

(a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50 per cent of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions); or

(b) any partnership, joint venture limited liability company or similar entity of which more than 50 per cent of the capital accounts, distribution rights, total
equity and voting interests or general or limited partnership interests, as applicable,
is, in the case of paragraphs (a) and (b) above, voting at the time owned or controlled,
directly or indirectly, by (i) such person; (ii) such person and one or more Subsidiaries
of such person; or (iii) one or more Subsidiaries of such person. For the avoidance of
doubt, references to a Subsidiary or Subsidiaries exclude any Finance Company or
Project Company whose financial results are not consolidated with those of the
Company in accordance with the Accounting Principles;

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature
(including any penalty or interest payable in connection with any failure by any Obligor
to pay or any delay by any Obligor in paying any of the same);

Tax Deduction has the meaning given to such term in Clause 12.1 (Tax definitions);

Term SOFR means the term SOFR reference rate administered by CME Group
Benchmark Administration Limited (or any other person which takes over the
administration of that rate) for the relevant period published by CME Group
Benchmark Administration Limited (or any other person which takes over the
publication of that rate);

Term SOFR Blocking Event means, at the relevant time, any Lender not holding the
requisite licence(s) issued by CME Group Benchmark Administration Limited (or any
other person which takes over the administration of that rate) to fund or maintain its
participation in any Term SOFR Loan (and as of the date of the Second Amendment
and Restatement Agreement, such Lenders are Bank of Communications Co., Ltd.
(acting through its Offshore Banking Unit) and CICC Hong Kong Finance (Cayman)
Limited);

Term SOFR Loan means, subject to Clause 8.7 (Delayed switch for existing
Compounded SOFR Loans), any Loan or, if applicable, Unpaid Sum which is, or
becomes, a “Term SOFR Loan” pursuant to paragraph (c) of Clause 8.5 (Compounded
SOFR Loans and Term SOFR Loans) or paragraph (c) of Clause 8.6 (Rate switch) and
which has not ceased to be a “Term SOFR Loan” pursuant to paragraph (d) of Clause
8.6 (Rate switch) as a result of the occurrence of a subsequent Rate Switch Date
(Compounded SOFR);

Term SOFR Reference Rate means, in relation to any Term SOFR Loan:
(a) Term SOFR as of 5:00 pm (New York time) on the Quotation Day and for a
period equal in length to the Interest Period of that Term SOFR Loan; or
(b) as otherwise determined pursuant to Clause 10 (Unavailability of Term SOFR),
and if, in either case, the aggregate of that rate and the Credit Adjustment Spread is less
than zero, the Term SOFR Reference Rate shall be deemed to be such a rate that the
aggregate of the Term SOFR Reference Rate and the Credit Adjustment Spread is zero;

Total Commitments means the aggregate of the Commitments (being
US$5,150,000,000 at the date of this Agreement and US$6,500,000,000 at the
Restatement Effective Date);
**Transfer Certificate** means a certificate substantially in the form set out in Schedule 4 (Form of Transfer Certificate) or any other form agreed between the Agent and the Company;

**Transfer Date** means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Transfer Certificate; and

(b) the date on which the Agent executes the relevant Transfer Certificate;

**UK Bail-In Legislation** means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

**Unpaid Sum** means any sum due and payable but unpaid by an Obligor under the Finance Documents;

**US Dollar** or **US$** denote the lawful currency of the United States of America;

**US GAAP** means generally accepted accounting principles in the United States of America;

**US Government Securities Business Day** means any day other than:

(a) a Saturday or a Sunday; and

(b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities;

**Utilisation** means a utilisation of the Facility;

**Utilisation Date** means the date of a Utilisation, being the date on which the relevant Loan is to be made;

**Utilisation Request** means a notice substantially in the form set out in Schedule 3 (Utilisation Request);

**WFOE** means a wholly foreign owned enterprise incorporated in the PRC; and

**Write-down and Conversion Powers** means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a
liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) any Administrative Party, the Agent, any Arranger, any Finance Party, any Lender, any Obligor or any Party shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) a document in agreed form is a document which is in the form previously agreed in writing by or on behalf of the Company and the Arrangers from time to time or the Agent (acting on the instructions of the Majority Lenders);

(iii) assets includes present and future properties, revenues and rights of every description;

(iv) a Finance Document or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(v) the date of this Agreement is a reference to 7 April 2017.

(vi) including shall be construed as including without limitation (and cognate expressions shall be construed similarly);

(vii) indebtedness includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(viii) a Lender’s participation in a Loan or Unpaid Sum includes an amount representing the fraction or portion (attributable to such Lender by
virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and the Lender’s rights under this Agreement in respect thereof;

(ix) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

(x) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law, but if not having the force of law, which is generally complied with by those to whom it is addressed) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(xi) any notation after the name of a Group Member refers to the number for that Group Member as specified in the Group Structure Chart;

(xii) a provision of law is a reference to that provision as amended or re-enacted; and

(xiii) a time of day is a reference to Hong Kong time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default or an Event of Default is **continuing** if it has not been remedied or waived.

(e) No person shall incur any personal liability whatsoever in connection with the issuance of a certificate, on behalf of any Obligor, pursuant to the terms of a Finance Document.

(f) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:

(i) any replacement page of that information service which displays that rate; and

(ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,

and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Agent after consultation with the Company.

(g) A reference in this Agreement to a Central Bank Rate (Compounded SOFR) or Central Bank Rate (Term SOFR) shall include any successor rate to, or replacement rate for, that rate.
(h) Any Compounded Rate Supplement overrides anything in:

(i) Schedule 12 (Compounded Rate Terms); or

(ii) any earlier Compounded Rate Supplement.

(i) A Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate overrides anything relating to that rate in:

(i) Schedule 13 (Daily Non-Cumulative Compounded RFR Rate); or

(ii) any earlier Compounding Methodology Supplement.

(j) The determination of the extent to which a rate is for a period equal in length to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

1.3 Third party rights

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the Third Parties Act) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any third person who is not a Party is not required to rescind or vary this Agreement at any time.

2. The Facility

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Obligors a US Dollar revolving loan facility in an aggregate amount equal to the Total Commitments.

2.2 Increase

(a) The Company may by giving prior notice to the Agent after the effective date of a cancellation of:

(i) the Available Commitments of a Defaulting Lender in accordance with paragraph (g) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender); or

(ii) the Commitments of a Defaulting Lender in accordance with paragraph (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender); or

(iii) the Commitments of a Lender in accordance with:

(A) Clause 7.1 (Illegality); or

(B) paragraph (a) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender),
request that the Commitments be increased (and the Commitments shall be so increased) in an aggregate amount of up to the amount of the Available Commitments or Commitments so cancelled as follows:

(A) the increased Commitments will be assumed by one or more Lenders or other banks or financial institutions (or any other person approved in writing by the Company) (each an Increase Lender) selected by the Company and each of which confirms in writing whether in the relevant Increase Confirmation or otherwise its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender (for the avoidance of doubt, no Party shall be obliged to assume the obligations of a Lender pursuant to this Clause 2.2 without the prior consent of that Party);

(B) the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

(C) each Increase Lender shall become a Party as a Lender and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;

(D) the Commitments of the other Lenders shall continue in full force and effect; and

(E) any increase in the Commitments shall take effect on the date specified by the Company in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.

(b) An increase in the Commitments will only be effective on:

(i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender; and

(ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase, the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender. The Agent shall promptly notify the Company and the Increase Lender upon being so satisfied.

(c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf
any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.

(d) Clause 21.4 (Limitation of responsibility of Existing Lenders) shall apply mutatis mutandis in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:

(i) an Existing Lender were references to all the Lenders immediately prior to the relevant increase;

(ii) the “New Lender” were references to that “Increase Lender”; and

(iii) a re-transfer were references to respectively a transfer.

2.3 Additional Commitments

(a) The Company may at any time confirm that one or more Lenders or any other bank(s) (each an Accordion Lender) has agreed to commit Additional Commitments by delivering an Additional Commitment Notice to the Agent.

(b) Each Additional Commitment Notice is irrevocable and will not be regarded as having been duly completed unless it has been countersigned by each Accordion Lender named therein and it specifies:

(i) the date on which the Additional Commitments are confirmed;

(ii) the amount of the Additional Commitments; and

(iii) the amount of the Additional Commitments allocated to each Accordion Lender named in the Additional Commitment Notice.

(c) By countersigning the Additional Commitment Notice:

(i) each Accordion Lender agrees to commit the Additional Commitments set out against its name; and

(ii) each Accordion Lender which is not already a Lender, agrees to become a party to this Agreement as a Lender.

(d) An increase in the Commitments under this Clause 2.3 shall take effect on the date specified in the Additional Commitment Notice as the date on which the Additional Commitments are confirmed or any later date on which the conditions set out in paragraph (e) below are satisfied.

(e) An increase in the Commitments under this Clause 2.3 will only be effective on:

(i) the execution by the Agent of the Additional Commitment Notice; and

(ii) in relation to an Accordion Lender which is not a Lender immediately prior to the relevant increase, the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the Additional Commitments by that Accordion Lender.
The Agent shall promptly execute the Additional Commitment Notice and notify the Company and the Accordion Lender upon being so satisfied.

(f) No Additional Commitment Notice shall become effective at a time when a Utilisation Request has been delivered and the proposed Utilisation Date under that Utilisation Request has not yet occurred.

(g) Upon receipt of a duly completed Additional Commitment Notice, the Agent shall inform the Lenders of such receipt.

(h) The Agent shall notify the Company and the Lenders of the increased amounts of the Commitments under the Facility promptly after an Additional Commitment Notice takes effect in accordance with this Clause 2.3.

(i) For the avoidance of doubt: (i) the Additional Commitments shall have the same terms (other than as to upfront arrangement and underwriting fees and conditions precedent) as the Facility; and (ii) the upfront arrangement and underwriting fees in respect of the Additional Commitments shall be set out in a separate Additional Commitment Fee Letter entered into by an Obligor and the relevant Accordion Lender(s), provided that no Accordion Lender shall be offered or paid any fees on better terms than those which have been offered to the Restatement Effective Date Lenders.

2.4 Readjustment of participations in outstanding Loans

(a) If any Loan is outstanding on the date of accession of any Accordion Lender and the establishment of any Additional Commitment in accordance with Clause 2.3 (Additional Commitments), the amount of each Lender’s (including the acceding Accordion Lender’s) participation in each such outstanding Loan shall be calculated by the Agent so that the amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Commitment to the Total Commitments as at such date. For the avoidance of doubt, in making such calculation the Agent shall take into account the Additional Commitments.

(b) The Agent will notify in writing each Lender and the Company of the recalculated amount of each Lender’s participation in each outstanding Loan.

(c) Following receipt of such notice, the Accordion Lender(s) will make such balancing payments to the Agent (for the account of each other Lender) as may be required so as to ensure that each Lender’s participation in outstanding Loans is as calculated by the Agent in accordance with paragraph (a) above. Such payment in respect of each outstanding Loan shall be made to the Agent on the last day of the Interest Period for that Loan occurring after the date of such notice or, if earlier, the first Utilisation Date to occur after the date of such notice in respect of a Loan which is not a Rollover Loan.

2.5 Finance Parties’ rights and obligations

(a) The obligations of the Finance Parties under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance
Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of the Finance Parties under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by an Obligor which relates to a Finance Party’s participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.

(c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

2.6 Nature of Obligors’ obligations

(a) Unless otherwise specified, the obligations of each Obligor under the Finance Documents are joint and several.

(b) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Obligor will exercise or otherwise enjoy the benefit of any right which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under any Finance Document:

(i) to be indemnified by the other Obligor;

(ii) to claim any contribution from the other Obligor for its obligations under the Finance Documents;

(iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

(iv) to exercise any right of set-off against the other Obligor; and/or

(v) to claim or prove as a creditor of the other Obligor in competition with any Finance Party.

If an Obligor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer
the same to the Agent or as the Agent may direct for application in accordance with Clause 26 (Payment mechanics).

2.7 Obligors’ Agent

(a) Each Obligor (other than the Company) by its execution of an Accession Letter irrevocably appoints the Company to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including Utilisation Requests), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and

(ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors’ Agent or given to the Obligors’ Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors’ Agent and any other Obligor, those of the Obligors’ Agent shall prevail.

3. Purpose

3.1 Purpose

Each Obligor shall apply all amounts borrowed by it under the Facility towards general corporate and working capital purposes of the Group (including acquisitions).

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. Conditions of Utilisation

4.1 Initial conditions precedent
(a) The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) in relation to any Utilisation if on or before the date of the initial Utilisation Request the Agent has received all of the documents and other evidence listed in Part A (Conditions Precedent to Initial Utilisation) of Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent (acting reasonably), and the Agent shall notify the Company and the Lenders promptly upon being so satisfied.

(b) For the avoidance of doubt, the Agent confirms that other than the evidence referred to in paragraph 4(d) of Part A (Conditions Precedent to Initial Utilisation) of Schedule 2 (Conditions Precedent), all of the other documents and evidence listed in Part A (Conditions Precedent to Initial Utilisation) of Schedule 2 (Conditions Precedent) have been received by the Agent prior to the Restatement Effective Date, in each case, in form and substance satisfactory to the Agent (acting reasonably).

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) in the case of a Rollover Loan, the Company has not received written notice from the Agent (acting on the instructions of the Majority Lenders) following an Event of Default which is continuing requiring any Obligor to repay the maturing Loan that is due to be repaid on the proposed Utilisation Date; and

(b) in the case of any Loan other than a Rollover Loan:

(i) no Default is continuing or would result from the proposed Loan; and

(ii) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Loans

(a) No Obligor may deliver a Utilisation Request if as a result of the proposed Utilisation more than 20 Loans would be outstanding (or such greater number of Loans as may be agreed by the Agent in its sole discretion).

(b) No Obligor may request that a Loan be divided.

(c) No Separate Loan or Extended Loan shall be taken into account in this Clause 4.3.

5. Utilisation

5.1 Delivery of a Utilisation Request

One or more Obligors may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than 11.00 am three (3) Business Days prior to the proposed Utilisation Date or by such date as the Agent (acting on the instructions of all the Lenders) may agree with the Company.

5.2 Completion of a Utilisation Request
(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period; and

(ii) the proposed Interest Period complies with Clause 9 (Interest Periods).

(b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be US Dollars.

(b) The amount of the proposed Loan must be a minimum of US$100,000,000, or, if less, the Available Facility.

5.4 Lenders’ participation

(a) If the conditions set out in Clause 4 (Conditions of Utilisation) and Clauses 5.1 (Delivery of a Utilisation Request) to 5.3 (Currency and amount) above have been met, and subject to Clause 6 (Repayment), each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender of the amount of each Loan and the amount of that participation to be made available in accordance with Clause 26.1 (Payments to the Agent), in each case by no later than 11.00 am two (2) Business Days prior to the proposed Utilisation Date.

5.5 Cancellation of Available Facility

The Available Commitments which, at that time, are unutilised shall be immediately cancelled at 5.00 pm on the last day of the Availability Period.

6. Repayment

6.1 Subject to Clause 6.3, the Obligors shall repay each Loan on the last day of its Interest Period.

6.2 If one or more Loans are to be made available to one or more Obligors:

(a) on the same day that a maturing Loan is due to be repaid by the Obligors; and

(b) in whole or in part for the purpose of refinancing the maturing Loan,

the aggregate amount of the new Loans shall, unless the relevant Obligor(s) notify the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Loan so that:
(i) if the amount of the maturing Loan exceeds the aggregate amount of the new Loans:

(A) the Obligors will only be required to make a payment under Clause 26.1 (Payments to the Agent) in an amount equal to that excess; and

(B) each Lender’s participation in the new Loans shall be treated as having been made available and applied by the Obligors in or towards repayment of that Lender’s participation in the maturing Loan and that Lender will not be required to make a payment under Clause 26.1 (Payments to the Agent) in respect of its participation in the new Loans; and

(ii) if the amount of the maturing Loan is equal to or less than the aggregate amount of the new Loans:

(A) the Obligors will not be required to make a payment under Clause 26.1 (Payments to the Agent); and

(B) each Lender will be required to make a payment under Clause 26.1 (Payments to the Agent) in respect of its participation in the new Loans only to the extent that its participation in the new Loans exceeds that Lender’s participation in the maturing Loan and the remainder of that Lender’s participation in the new Loans shall be treated as having been made available and applied by the Obligors in or towards repayment of that Lender’s participation in the maturing Loan.

6.3 At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Defaulting Lender in the Loans then outstanding will be automatically extended to the Final Repayment Date and will be treated as separate Loans (the Separate Loans).

6.4 The Obligors may prepay a Separate Loan in accordance with paragraph (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender). The Agent will forward a copy of a prepayment notice received in accordance with paragraph (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender) to the Defaulting Lender concerned as soon as practicable on receipt.

6.5 Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the relevant Obligor(s) by the time and date specified by the Agent (acting reasonably) and will be payable by the Obligors to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Loan.

6.6 The terms of this Agreement relating to Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with Clauses 6.3 to 6.5, in which case those paragraphs shall prevail in respect of any Separate Loan.

7. Prepayment and cancellation

7.1 Illegality
If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Company, the Available Commitment of that Lender will be immediately cancelled; and

(c) the Obligors shall repay that Lender’s participation in the Loans on the last day of the Interest Period for each Loan occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender’s corresponding Commitment shall be immediately cancelled in the amount of the participations repaid.

7.2 Voluntary cancellation

The Company may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, reduce the Available Facility to zero or by such amount (being a minimum amount of US$5,000,000) as the Company may specify in such notice. Any such reduction under this Clause 7.2 shall reduce the Commitments of the Lenders rateably.

7.3 Voluntary Prepayment

An Obligor may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Loan (but if in part, being an amount that reduces the Loan by a minimum amount of US$5,000,000).

7.4 Right of prepayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by the Obligors is required to be increased under paragraph (a) of Clause 12.2 (Tax gross-up);

(ii) any Lender claims indemnification from any Obligor under Clause 12.3 (Tax indemnity) or Clause 13.1 (Increased costs); or

(iii) a Term SOFR Blocking Event occurs in respect of a Lender,

the Company may, whilst the circumstance giving rise to the requirement for that increase or indemnification (in relation to sub-paragraphs (i) and (ii) above only) or that Term SOFR Blocking Event (in relation to sub-paragraph (iii) above only) continues, give the Agent notice of cancellation of the Commitment of that Lender and/or its intention to procure the prepayment of that Lender’s participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Available Commitment of that Lender shall immediately be reduced to zero.
(c) On the last day of each Interest Period which ends after the Company has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Company in that notice), the Obligors shall prepay that Lender’s participation in the relevant Loan and that Lender’s corresponding Commitment shall be immediately cancelled in the amount of the participations repaid.

(d) The Company may, in the circumstances set out in paragraph (a) above, on five Business Days’ prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 21 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 21 (Changes to the Lenders) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest (to the extent that the Agent has not given a notification under Clause 21.10 (Pro-rata interest settlement)) and other amounts payable in relation thereto under the Finance Documents.

(e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:

(i) the Company shall have no right to replace the Agent;

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and

(iv) no Lender shall be obliged to execute a Transfer Certificate unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such replacement Lender.

(f) A Lender shall perform the procedures described in sub-paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Company when it is satisfied that it has completed those checks.

(g) (i) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent two Business Days’ notice of cancellation of each Available Commitment of that Lender.

(ii) On the notice referred to in sub-paragraph (i) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
(iii) The Agent shall as soon as practicable after receipt of a notice referred to in sub-paragraph (i) above, notify all the Lenders.

(h)

(i) The Company may, at any time, give the Agent two Business Days’ notice of prepayment of any Separate Loan and cancellation of the Commitment of a Defaulting Lender in respect of that Separate Loan.

(ii) On the notice referred to in sub-paragraph (i) above becoming effective, the Commitment of the Defaulting Lender in respect of that Separate Loan shall immediately be reduced to zero and the Obligors shall prepay that Defaulting Lender’s participation in such Separate Loan.

(iii) The Agent shall as soon as practicable after receipt of a notice referred to in sub-paragraph (i) above, notify all the Lenders.

7.5 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is repaid or prepaid may be reborrowed in accordance with the terms of this Agreement.

(d) The Obligors shall not repay or prepay all or any part of the Loans or reduce all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) Subject to Clause 2.2 (Increase), no amount of any Commitment that is reduced in accordance with this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Company or the affected Lender, as appropriate.

(g) If all or part of a Loan is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (Further conditions precedent)), an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph (g) (save in connection with any repayment or, as the case may be, prepayment under paragraph (c) of Clause 7.1 (Illegality) or paragraph (c), (g) or (h) of Clause 7.4 (Right of prepayment and cancellation in relation to a single Lender)) shall reduce the Commitments of the Lenders rateably.

8. Interest

8.1 Calculation of interest – Compounded SOFR Loans
(a) The rate of interest on each Compounded SOFR Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of the applicable:
   (i) Margin; and
   (ii) Compounded SOFR Reference Rate for that day.

(b) If any day during an Interest Period for a Compounded SOFR Loan is not an RFR Banking Day, the rate of interest on that Compounded SOFR Loan for that day will be the rate applicable to the immediately preceding RFR Banking Day.

8.2 Calculation of interest – Term SOFR Loans

The rate of interest on each Term SOFR Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;

(b) Term SOFR Reference Rate; and

(c) Credit Adjustment Spread.

8.3 Payment of interest

The Obligors shall pay accrued interest on each Loan on the last day of each Interest Period relating to that Loan (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).

8.4 Default interest

(a) If the Obligors fail to pay any amount payable by them under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date to the date of actual payment (both before and after judgment) at a rate which is, subject to paragraph (b) below, 2 per cent higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligors on demand by the Agent.

(b) If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
   (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
   (ii) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be 2 per cent higher than the rate which would have applied if the Unpaid Sum had not become due.
(c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

(d) Notwithstanding anything to the contrary in the Finance Documents, default interest shall not accrue with respect to any Compounded Rate Interest Payment until the later of the due date for such Compounded Rate Interest Payment and the date immediately following the date falling three RFR Banking Days after the date on which the Agent notifies the Company of the amount of that Compounded Rate Interest Payment in accordance with paragraph (c) of Clause 8.8 (Notifications).

8.5 Compounded SOFR Loans and Term SOFR Loans

Subject to Clause 8.6 (Rate switch) and Clause 32.8 (Changes to reference rates):

(a) each Loan outstanding on the Second Restatement Effective Date shall be a Compounded SOFR Loan;

(b) each Loan drawn on any date which is (i) on or after the Second Restatement Effective Date, and (ii) a date on which a Term SOFR Blocking Event is continuing, shall be a Compounded SOFR Loan; and

(c) each Loan drawn on any date which is (i) on or after the Second Restatement Effective Date, and (ii) on or after a Rate Switch Date (Term SOFR) which has not been superseded by a subsequent Rate Switch Date (Compounded SOFR), shall be a Term SOFR Loan.

8.6 Rate switch

(a) Provided that no Published Rate Replacement Event has occurred, the Company may deliver to the Agent a Rate Switch Notice (Term SOFR) specifying a date (which shall be a date on which no Term SOFR Blocking Event is continuing) on which use of Term SOFR will replace the use of Compounded SOFR Reference Rate for the calculation of interest for all Loans (a Rate Switch Date (Term SOFR)).

(b) Subject to Clause 8.7 (Delayed switch for existing Compounded SOFR Loans), a Rate Switch Notice (Term SOFR) shall take effect in accordance with its terms and shall be delivered to the Agent at least 15 calendar days, and not more than 45 calendar days, before the Rate Switch Date (Term SOFR) contained in the Rate Switch Notice (Term SOFR).

(c) Subject to Clause 8.7 (Delayed switch for existing Compounded SOFR Loans) and Clause 32.8 (Changes to reference rates), on and from a Rate Switch Date (Term SOFR):

(i) use of Term SOFR will replace the use of Compounded SOFR for the calculation of interest for all Loans; and

(ii) any Loan or Unpaid Sum shall be a Term SOFR Loan and Clause 8.2 (Calculation of interest – Term SOFR Loans) shall apply to each such Loan or Unpaid Sum.
(d) If a Term SOFR Blocking Event occurs after the occurrence of a Rate Switch Date (Term SOFR) and while any Term SOFR Loan is outstanding, subject to Clause 32.8 (Changes to reference rates), on and from the first day of the next Interest Period (if any) for that Term SOFR Loan provided that such Term SOFR Blocking Event is continuing on such date (the **Rate Switch Date (Compounded SOFR)**):

(i) use of Compounded SOFR Reference Rate will replace the use of Term SOFR for the calculation of interest for each such Loan; and

(ii) any such Loan or any Unpaid Sum shall be a Compounded SOFR Loan and Clause 8.1 (Calculation of interest – Compounded SOFR Loans) shall apply to each such Loan or Unpaid Sum.

8.7 Delayed switch for existing Compounded SOFR Loans

If a Rate Switch Date (Term SOFR) falls before the last day of an Interest Period for a Compounded SOFR Loan:

(a) that Loan shall continue to be a Compounded SOFR Loan for that Interest Period and Clause 8.1 (Calculation of interest – Compounded SOFR Loans) shall continue to apply to that Loan for that Interest Period;

(b) any provision of this Agreement which is expressed to relate to a Term SOFR Loan only shall not apply in relation to that Loan for that Interest Period; and

(c) on and from the first day of the next Interest Period (if any) for that Loan, that Loan shall be a Term SOFR Loan and Clause 8.2 (Calculation of interest – Term SOFR Loans) shall apply to that Loan.

8.8 Notifications

(a) The Agent shall promptly notify the Lenders and the Company of the determination of a rate of interest relating to a Term SOFR Loan.

(b) In respect of any Fallback Interest Payment (Term SOFR), the Agent shall promptly upon a Fallback Interest Payment (Term SOFR) being determinable notify:

(i) the Company of that Fallback Interest Payment (Term SOFR);

(ii) each relevant Lender of the proportion of that Fallback Interest Payment (Term SOFR) which relates to that Lender’s participation in the relevant Loan; and

(iii) if such Fallback Interest Payment (Term SOFR) is determined pursuant to paragraph (d) of Clause 10 (Unavailability of Term SOFR), the relevant Lenders and the Company of each applicable Central Bank Rate (Term SOFR) relating to the determination of that Fallback Interest Payment (Term SOFR).

(c) The Agent shall promptly upon a Compounded Rate Interest Payment being determinable notify:

(i) the Company of that Compounded Rate Interest Payment;
(ii) each relevant Lender of the proportion of that Compounded Rate Interest Payment which relates to that Lender’s participation in the relevant Compounded SOFR Loan; and

(iii) the relevant Lenders and the Company of each applicable rate of interest relating to the determination of that Compounded Rate Interest Payment.

(d) The Agent shall, promptly upon becoming aware of the occurrence of a Rate Switch Date (Term SOFR), a Rate Switch Date (Compounded SOFR), a Term SOFR Blocking Event or a Published Rate Replacement Event, notify the Company and the Lenders of that occurrence.

(e) The Agent shall, promptly upon receipt of any Rate Switch Notice (Term SOFR), notify the Lenders of such notice.

(f) If a Term SOFR Blocking Event occurs or ceases to continue in respect of any Lender, such Lender shall promptly notify the Agent and the Company of such occurrence or cessation of the Term SOFR Blocking Event together with reasonable details and evidence of the same. The Agent shall thereafter promptly notify the other Lenders of such occurrence or cessation of the Term SOFR Blocking Event.

9. Interest Periods

9.1 Selection of Interest Periods

(a) An Obligor utilising a Loan (or the Company on behalf of that Obligor) shall select an Interest Period for that Loan in the Utilisation Request for that Loan or (if the Loan has already been borrowed) by notice to the Agent.

(b) Subject to this Clause 9:

(i) for any Term SOFR Loan, the relevant Obligor (or the Company on behalf of that Obligor) may select an Interest Period of one Month or any other period agreed between that Obligor (or the Company on behalf of that Obligor) and the Agent (acting on the instructions of all the Lenders in relation to the relevant Term SOFR Loan); and

(ii) for any Compounded SOFR Loan, the relevant Obligor (or the Company on behalf of that Obligor) may select an Interest Period of any period as specified in the Compounded Rate Terms or such other period agreed between that Obligor (or the Company on behalf of that Obligor) and the Agent (acting on the instructions of all Lenders in relation to the relevant Compounded SOFR Loan).

(c) An Interest Period for a Loan shall not, subject to Clause 32.3 (Extension of Commitments), extend beyond the Final Repayment Date.

(d) Each Loan has one Interest Period only which shall start on the Utilisation Date of that Loan.

9.2 Non-Business Days
(a) Other than where paragraph (b) below applies, if an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

(b) If the Loan is a Compounded SOFR Loan, the rules specified as Business Day Conventions in the Compounded Rate Terms shall apply.

10. Unavailability of Term SOFR

(a) Interpolated Term SOFR: If Term SOFR is not available for the Interest Period of a Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Interpolated Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(b) Historic Term SOFR: If paragraph (a) above applies but Interpolated Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(c) Interpolated Historic Term SOFR: If paragraph (b) above applies but Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be Interpolated Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.

(d) Central Bank Rate: If paragraph (c) above applies but Interpolated Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Term SOFR Reference Rate for such Interest Period shall be the percentage rate per annum which is the arithmetic mean of the applicable Central Bank Rates (Term SOFR) for the days in the Interest Period of that Term SOFR Loan, provided that the Central Bank Rate (Term SOFR) applicable to the day falling five days prior to the last day of the relevant Interest Period shall be deemed to be the Central Bank Rate (Term SOFR) for the final five days of such Interest Period.

11. Fees

11.1 Commitment fee

(a) The Company shall pay to the Agent (for the account of each Lender) a fee in US Dollars computed and accruing on a daily basis with effect from (but excluding) the date falling 45 days after the date of this Agreement (the Initial Commitment Fee Commencement Date) at 0.20 per cent per annum on that Lender’s Available Commitment for the Availability Period at close of business (in New York) on each day of the Availability Period falling after the Initial Commitment Fee Commencement Date up to and including the Restatement Effective Date (or, if any such day shall not be a Business Day, at such close of business on the immediately preceding Business Day) (the Initial Commitment Fee Period).
(b) The Obligors shall pay to the Agent (for the account of each Lender) a fee in US Dollars computed and accruing on a daily basis with effect from (but excluding) the date falling 45 days after the Restatement Effective Date (the **Revised Commitment Fee Commencement Date**) at 0.185 per cent per annum on that Lender’s Available Commitment for the Availability Period at close of business (in New York) on each day of the Availability Period falling after the Revised Commitment Fee Commencement Date (or, if any such day shall not be a Business Day, at such close of business on the immediately preceding Business Day) (the **Revised Commitment Fee Period**).

(c) The accrued commitment fee is payable (but without double counting):

(i) in the case of the commitment fee referred to in paragraph (a) above, on the last day of each successive period of three Months which ends during the Initial Commitment Fee Period;

(ii) in the case of the commitment fee referred to in paragraph (b) above, on the last day of each successive period of three Months which ends during the Revised Commitment Fee Period and on the last day of the Availability Period; and

(iii) in the case of any accrued but unpaid commitment fee referred to in paragraph (a) or paragraph (b) above, if a Lender’s Commitment is reduced to zero before the last day of the Availability Period, on the day on which such reduction to zero becomes effective.

(d) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

11.2 Upfront fee

(a) The Obligors shall pay to each Original Mandated Lead Arranger an upfront fee in the amount and at the times agreed in a Fee Letter.

(b) The Obligors shall pay to each Accordion Lender an upfront fee in the amount and at the times agreed in a Fee Letter.

11.3 Agency fee

The Obligors shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

12. **Tax Gross Up and Indemnities**

12.1 Tax definitions

(a) In this Clause 12:

**FATCA** means:

(i) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
(ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i) above; or

(iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (i) or (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**FATCA Deduction** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**Tax Credit** means a credit against, relief or remission for, or repayment of any Tax.

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

**Tax Payment** means an increased payment made by the Obligors to a Finance Party under Clause 12.2 (Tax gross-up) or a payment under Clause 12.3 (Tax indemnity).

(b) Unless a contrary indication appears, in this Clause 12 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination acting in good faith.

12.2 Tax gross-up

(a) All payments to be made by an Obligor to any Finance Party under the Finance Documents shall be made free and clear of and without any Tax Deduction unless such Obligor is required to make a Tax Deduction, in which case the sum payable by such Obligor (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.

(b) The Company shall promptly upon becoming aware that any Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company and that Obligor.

(c) If an Obligor is required to make a Tax Deduction, the Obligors shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(d) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence
reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) Without prejudice to Clause 12.2 (Tax gross-up), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Obligors shall, within five (5) Business Days of demand of the Agent, promptly indemnify the Finance Party which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 12.3 shall not apply:

(i) to the extent a loss, liability or cost relates to a FATCA Deduction required to be made by a Party;

(ii) to any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated; or

(iii) to any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which its Facility Office is located.

(b) A Finance Party intending to make a claim under paragraph (a) shall notify the Agent of the event giving rise to the claim, whereupon the Agent shall notify the Company thereof.

(c) A Finance Party shall, on receiving a payment from the Obligors under this Clause 12.3, notify the Agent.

(d) Paragraph (a) shall not apply to the extent any Tax is not notified to the Agent by the relevant Finance Party within three (3) Months of the relevant Finance Party becoming aware of the relevant Tax.

12.4 Tax credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
(b) that Finance Party has obtained and utilised that Tax Credit, the Finance Party shall pay an amount to the relevant Obligor which that Finance Party determines will leave it (after that payment) in no better and no worse position in respect of its worldwide tax liabilities than it would have been in had the Obligor not been required to make the Tax Payment.

12.5 Stamp taxes

The Obligors shall:

(a) pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document, and

(b) within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to any stamp duty, registration or other similar Tax paid or payable in respect of any Finance Document.

12.6 Indirect tax

(a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

(b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by that Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

12.7 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Company, the Agent and the other Finance Parties.

13. Increased Costs

13.1 Increased costs

(a) Subject to Clause 13.3 (Exceptions) the Obligors shall, within five (5) Business Days of a demand by the Agent, pay for the account of a Finance Party the
amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation by any governmental or regulatory authority or (ii) compliance with any law or regulation made after the date of this Agreement. The terms law and regulation in this paragraph (a) shall include any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

(b) In this Agreement:

(i) **Basel III** means:

(A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended supplemented or restated; and

(B) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”; and

(ii) **Increased Costs** means:

(A) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);

(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to the undertaking, funding or performance by such Finance Party of any of its obligations under any Finance Document or any participation of such Finance Party in any Loan or Unpaid Sum.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (Increased costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.

(b) Each Finance Party shall together with its demand provide a certificate confirming the amount and basis of calculation of its Increased Costs.
13.3 Exceptions

(a) Clause 13.1 *(Increased costs)* does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) compensated for by Clause 12.3 *(Tax indemnity)* (or would have been compensated for under Clause 12.3 *(Tax indemnity)* but was not so compensated solely because the exclusion in paragraph (a) of Clause 12.3 *(Tax indemnity)* applied);

(iii) attributable to the breach by the relevant Finance Party or its Affiliates of any law or regulation or the negligence of any of them;

(iv) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement *(Basel II)* or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates);

(v) attributable to the implementation or application of or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates) but only to the extent the relevant Finance Party is required to implement, apply or comply with Basel III on the date on which it becomes a Party;

(vi) attributable to a FATCA Deduction required to be made by a Party; or

(vii) not notified to the Agent by the relevant Finance Party within three (3) Months of such Finance Party becoming aware of the Increased Cost in accordance with paragraph (a) of Clause 13.2 *(Increased cost claims)*.

(b) In this Clause 13.3 references to a *FATCA Deduction* or a *Tax Deduction* have the same meaning given to such terms in Clause 12.1 *(Tax definitions)*.

14. Mitigation by the Lenders

14.1 Mitigation

(a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 *(Illegality)*, Clause 12 *(Tax Gross Up and Indemnities)* or Clause 13.1 *(Increased costs)*, including (but not limited to):

(i) providing such information as the Company may reasonably request in order to permit the Company to determine the Obligors’ entitlement
to claim any exemption or other relief (whether pursuant to a double taxation treaty or otherwise) from any obligation to make a Tax Deduction; and

(ii) in relation to any circumstances which arise following the date of this Agreement, transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

14.2 Limitation of liability

(a) The Obligors shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 14.1 (Mitigation).

(b) A Finance Party is not obliged to take any steps under Clause 14.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might reasonably be expected to be prejudicial to it.

14.3 Conduct of business by the Finance Parties

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax; or

(d) oblige any Finance Party to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any applicable anti-money laundering, counter-terrorism financing, economic or trade Sanctions law or regulation.

15. Other Indemnities

15.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a Sum), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the First Currency) in which that Sum is payable into another currency (the Second Currency) for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Obligors shall as an independent obligation, within five (5) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any
cost, loss or liability arising out of or as a result of the conversion including
any discrepancy between (A) the rate of exchange used to convert that Sum
from the First Currency into the Second Currency and (B) the rate or rates of
exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any
amount under the Finance Documents in a currency or currency unit other than
that in which it is expressed to be payable.

15.2 Other indemnities
The Obligors shall, within five (5) Business Days of demand, indemnify each Finance
Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) any written information produced or approved by any Obligor in connection
with the Finance Documents being or being alleged to be misleading and/or
deceptive in any respect;

(c) any enquiry, investigation, subpoena (or similar order) or litigation with
respect to any Obligor or with respect to the transactions contemplated or
financed under this Agreement;

(d) a failure by an Obligor to pay any amount due under a Finance Document on
its due date or in the relevant currency, including without limitation, any cost,
loss or liability arising as a result of Clause 25 (Sharing among the Finance
Parties), provided that this paragraph (d) shall only apply to a failure by an
Obligor to pay a Compounded Rate Interest Payment to the extent that such
Obligor has failed to pay that Compounded Rate Interest Payment by the later
of (i) the due date for that Compounded Rate Interest Payment and (ii) the date
falling three RFR Banking Days after the date on which the Agent notifies the
Company in accordance with paragraph (c) of Clause 8.8 (Notifications)
of the
amount of that Compounded Rate Interest Payment;

(e) funding, or making arrangements to fund, its participation in a Loan requested
by an Obligor in a Utilisation Request but not made by reason of the operation
of any one or more of the provisions of this Agreement (other than by reason of
default or negligence by that Finance Party alone); or

(f) a Loan (or part of a Loan) not being prepaid in accordance with a notice of
prepayment given by an Obligor, provided that this paragraph (f) shall only
apply to a prepayment of a Compounded SOFR Loan to the extent the relevant
prepayment has not been made by the later of (i) the prepayment date specified
in the relevant notice of prepayment and (ii) the date falling three RFR Banking
Days after the date on which the Agent notifies the Company in accordance
with paragraph (c) of Clause 8.8 (Notifications) of the amount of any
Compounded Rate Interest Payment or other payment required to be made
together with such prepayment in accordance with the terms of this Agreement.
15.3 Indemnity to the Agent

(a) The Obligors shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default; or

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

(b) The indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.

16. Costs and Expenses

16.1 Transaction expenses

The Obligors shall, within five Business Days of demand, pay the Administrative Parties the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of:

(a) this Agreement and any other Finance Documents referred to in it; and

(b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 26.10 (Change of currency), the Obligors shall, within five Business Days of demand, reimburse the Agent for the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Obligors shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

17. Representations

Each Obligor makes the representations and warranties set out in this Clause 17 to each Finance Party in the manner and at the times set out in Clause 17.24 (Times when representations made) and to the extent that such representations and warranties set out in this Clause 17 are expressed to be given by that Obligor.

17.1 Status

(a) In respect of the Company only, it is an exempted company, duly incorporated, validly existing and in good standing under the laws of the Cayman Islands.
(b) In respect of any other Obligor, it is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(c) It and, in respect of the Company only, each of its Subsidiaries has the power to own its assets and carry on its business in all material respects as it is being conducted.

(d) It is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any person in relation to the Finance Documents.

17.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are, subject to any general principles of law limiting its obligations which are generally applicable, legal, valid, binding and enforceable obligations.

17.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) any material law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets in a manner that might reasonably be expected to give rise to a Material Adverse Effect.

17.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

17.5 Validity and admissibility in evidence

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and

(c) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect (or, in each case, will be when required).

17.6 Governing law and enforcement

(a) The choice of English law as the governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdiction.

(b) Any judgment obtained in England in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation.
17.7 Deduction of Tax

It is not required under the law applicable where it is incorporated or resident or at the address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

17.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

17.9 No default

(a) No Event of Default is continuing or could reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or, in respect of the Company only, any of its Subsidiaries or to which its (or, in respect of the Company only, any of its Subsidiaries’) assets are subject which has or could reasonably be expected to have a Material Adverse Effect.

17.10 No misleading information

Save as disclosed in writing to the Agent on or prior to the date on which such information is provided, all written information provided by it and, in respect of the Company only, any Group Member to the Agent after the date of this Agreement was true and accurate in all material respects as at the date it was provided and was not misleading in any material respect as at such date.

17.11 Financial statements

(a) The Company represents and warrants that its financial statements most recently supplied to the Agent or otherwise made available to the public (which, at the date of this Agreement, are the Original Financial Statements) were prepared in accordance with the Accounting Principles consistently applied save to the extent expressly disclosed in such financial statements.

(b) The Company represents and warrants that its financial statements most recently supplied to the Agent or otherwise made available to the public (which, at the date of this Agreement, are the Original Financial Statements) give a true and fair view of (if audited) or fairly represent (if unaudited) its consolidated financial condition and operations as at the end of and for the relevant financial year save to the extent expressly disclosed in such financial statements.

(c) The Company represents and warrants that, save as disclosed in writing to the Agent or otherwise made available to the public, there has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group) since 31 March 2022.

17.12 Pari passu ranking
The Company represents and warrants that its payment obligations under the Finance Documents rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

17.13 No proceedings pending or threatened

The Company represents and warrants that no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which might reasonably be expected to be adversely determined and, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

17.14 Taxation

(a) The Company represents and warrants that it is not (and none of its Subsidiaries is) overdue (taking into account any extension or grace period) in the payment of any material amount in respect of Tax, in each case save to the extent that (i) such payment is being contested in good faith; and (ii) it has maintained adequate reserves for those Taxes.

(b) The Company represents and warrants that no claim or investigations are being, or to the actual knowledge of the Company, are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes which would have or are reasonably likely to have a Material Adverse Effect.

(c) The Company represents and warrants that it is resident for tax purposes only in the jurisdiction of its incorporation.

17.15 No insolvency

The Company represents and warrants that no event as described in Clause 20.5 (Involuntary proceedings) or Clause 20.6 (Voluntary proceedings) is continuing in relation to it or any Major Material Subsidiary.

17.16 Intellectual Property

(a) The Company represents and warrants that it, or another Group Member, is the legal and beneficial owner of or has licensed to it all the material Intellectual Property which is required in order to carry on the business of the Group, as it is currently being conducted.

(b) The Company represents and warrants that it does not (nor does any of its Subsidiaries), in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect.

(c) The Company represents and warrants that all formal or procedural actions (including payment of fees) required to maintain any Intellectual Property owned by it or any of its Subsidiaries have been taken, except to the extent failure to take such actions does not or is not reasonably likely to have a Material Adverse Effect.

17.17 Immunity
(a) The Company represents and warrants that the entry into by it of each Finance Document constitutes, and the exercise by it of its rights and performance of its obligations under each Finance Document will constitute, private and commercial acts performed for private and commercial purposes.

(b) The Company represents and warrants that it will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its Relevant Jurisdiction in relation to any Finance Documents.

17.18 Authorised Signatures

Any person specified as its authorised signatory under Schedule 2 (Conditions Precedent) is authorised to sign Utilisation Requests and other notices on its behalf.

17.19 Good title to assets

It and, in respect of the Company only, each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as from time to time conducted the absence of which would have a Material Adverse Effect.

17.20 Bribery, Anti-corruption

(a) The Company represents and warrants that to the actual knowledge of Management, the business of the Group is carried on in all material respects in compliance with all, and no Group Member or any of their directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Group Member), affiliates or employees acts in breach of any, applicable laws relating to bribery and anti-corruption, including without limitation the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977 or any similar laws, rules or regulations issued, administered or enforced by any government or governmental authority having jurisdiction over it.

(b) There are in place appropriate policies and procedures designed to promote and achieve compliance with all such applicable laws by it, and in respect of the Company only, by each Group Member and its directors, officers and employees.

17.21 Sanctions

(a) The Company represents and warrants that, to the Company’s best knowledge, the business of the Company and the Controlled Entities is as at the Second Restatement Effective Date carried on in compliance with all applicable Sanctions, and the Company and the Controlled Entities have instituted and maintained policies and procedures designed to promote and achieve material compliance with applicable Sanctions in all respects.

(b) The Company represents and warrants that none of the Company or any Controlled Entity or, to the Company’s best knowledge, any of its or their directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Group Member), affiliates,
representative or employees is a person or entity (*Person*), that is, or is owned or controlled by a Person that is, currently the subject of any Sanctions (including the designation as a *Specially Designated National* or *Blocked Person*), and neither the Company nor any Controlled Entity is located, organised or resident in a country or territory that is the subject of any Sanctions (including, without limitation, Cuba, Iran, North Korea, Crimea, Syria and the so-called Donetsk People’s Republic and so-called Luhansk People’s Republic regions of Ukraine).

17.22 Money Laundering

(a) The Company represents and warrants that to the actual knowledge of Management, after due and reasonable enquiry, no Group Member engages in Money Laundering or acts in breach of any applicable laws or regulations relating to Money Laundering issued, administered or enforced by any governmental agency having jurisdiction over it.

(b) There are in place appropriate policies and procedures designed to promote and achieve compliance by it and, in respect of the Company only, by each Group Member with all applicable laws or regulations relating to Money Laundering.

17.23 Dividends repatriation

The Company represents and warrants that there is no contractual restriction for any Major Material Subsidiary incorporated in the PRC which is a WFOE to pay dividends out of its Distributable Reserves, or to make any distribution to any of its shareholders or holders of any equity interest in it (in each case, subject to any generally applicable administrative and legal restrictions).

17.24 Times when representations made

(a) All the representations and warranties in this Clause 17 are made by the Company on the date of this Agreement, the Restatement Effective Date and the Second Restatement Effective Date.

(b) The Repeating Representations (other than any Repeating Representation which is expressed to be given by the Company only) are made by each Additional Borrower in respect of itself only on the day on which it becomes (or it is proposed that it becomes) an Additional Borrower.

(c) The Repeating Representations (other than any Repeating Representation which is expressed to be given by the Company only) are deemed to be made by each Obligor (in the case of any Additional Borrower, in respect of itself only) on the date of each Utilisation Request and the first day of each Interest Period.

(d) Each representation or warranty deemed to be made after the date of this Agreement shall, except where the contrary is indicated, be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.
18. Information undertakings

The undertakings in this Clause 18 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

18.1 Financial statements

In the event that the Company’s financial statements cease to be publicly available, the Company shall supply to the Agent:

(a) as soon as they become available but in any event within 120 days after the end of each of its financial years, its audited consolidated financial statements for that financial year; and

(b) as soon as they become available but in any event within 60 days after the end of the first half of each of its financial years, its unaudited consolidated financial statements for that financial half year.

18.2 Compliance Certificate

The Company shall supply to the Agent:

(a) annually, within 120 days after the end of each fiscal year of the Company; and

(b) upon written request by the Agent, within 14 days of such request,

a brief certificate from the principal execution officer, principal financial officer, principal account officer or treasurer as to his or her knowledge of the Company’s compliance with all conditions and covenants under the Finance Documents (which compliance shall be determined without regarding to any period of grace or requirement of notice provided under the Finance Documents), specifying if any Default has occurred and, in the event that any Default has occurred, specifying each such Default and the nature and status thereof of which such person may have knowledge.

18.3 Notification of default

Each Obligor shall deliver to the Agent promptly and in any event within 30 calendar days after becoming aware of the occurrence of any Event of Default or any event which, with the giving of notice of the lapse of time or both, would constitute an Event of Default, an Officer’s Certificate setting out the details of such Event of Default or Default and the action which that Obligor or the Company proposes to take with respect thereto (unless that Obligor is aware that a notification has already been provided by another Obligor).

18.4 “Know your customer” checks

(a) Each Obligor shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender (including for any Lender on behalf of any prospective new Lender)) in order for the Agent, such Lender or any prospective new Lender to conduct any “know your customer” or other similar procedures under applicable laws and regulations.
(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

(c) The Company shall, by not less than 10 Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Borrower pursuant to Clause 22 (Changes to the Obligors).

(d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Borrower obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all “know your customer” and other similar checks that it is required (or deems desirable) to conduct pursuant to the accession of such Subsidiary to this Agreement as an Additional Borrower.

19. General undertakings

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Pari passu ranking

Each Obligor shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.2 Negative pledge

(a) No Obligor shall create or have outstanding (and the Company shall ensure that none of the Principal Controlled Entities will create or have outstanding) any Security upon the whole or any part of their respective present or future assets securing any Relevant Indebtedness, or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness of that Obligor or, in respect of the Company, either of the Company or of any of the Principal Controlled Entities, without:

(i) at the same time or prior thereto securing or guaranteeing the liabilities of the Obligors under the Finance Documents equally and rateably therewith; or
(ii) providing such other Security or guarantee for the Facility as shall be approved by the Majority Lenders.

(b) Paragraph (a) above does not apply to:

(i) any Security, guarantee or indemnity arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Security, guarantee or indemnity in respect of the obligations of any person which becomes a Principal Controlled Entity or which merges with or into an Obligor or a Principal Controlled Entity after the date of the Indenture which is in existence at the date on which it becomes a Principal Controlled Entity or merges with or into an Obligor or a Principal Controlled Entity;

(iii) any Security, guarantee or indemnity created or outstanding in favour of an Obligor or any Security, guarantee or indemnity created by any of the Controlled Entities of the Company in favour of any of the Company’s other Controlled Entities;

(iv) any Security, guarantee or indemnity in respect of Relevant Indebtedness of an Obligor or any Principal Controlled Entity with respect to which such Obligor or Principal Controlled Entity has paid money or deposited money or securities with a paying agent, trustee or depository to pay or discharge in full the obligations of such Obligor or Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full);

(v) any Security, guarantee or indemnity created in connection with Relevant Indebtedness of any Obligor or any Principal Controlled Entity denominated in Chinese Renminbi and initially offered, marketed or issued primarily to persons resident in the PRC;

(vi) any Security, guarantee or indemnity created in connection with an acquisition of assets or a project financed with, or created to secure, Non-recourse Obligations; or

(vii) any Security, guarantee or indemnity arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security or guaranteed by any guarantee or indemnity permitted by paragraphs (ii), (v), (vi) or this paragraph (vii); provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding, including any accrued interest and prepayment premiums or consent fees) and is not secured by any additional property or assets.

19.3 Merger, consolidation and sale of assets
No Obligor shall consolidate with or merge into any other person in a transaction in which the Obligor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to any person unless:

(a) any person formed by such consolidation or into or with which that Obligor is merged or to whom that Obligor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the British Virgin Islands, the Cayman Islands, the PRC or Hong Kong and such person expressly assumes, by an accession deed in form and substance reasonably satisfactory to the Lenders, all of that Obligor’s obligations under the Finance Documents, including the obligations under Clause 12 (Tax Gross Up and Indemnities);

(b) immediately after given effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) that Obligor shall have delivered to the Agent an Officer’s Certificate and an opinion of independent legal firm of internationally recognised standing that is reasonably acceptable to the Agent, each stating that such consolidation, merger, conveyance, transfer or lease and the accession deed referred in paragraph (a) above comply with the Finance Documents and that all conditions precedent therein provided for relating to such transaction have been complied with.

19.4 Sanctions

(a) No Obligor shall use any of the funds advanced under this Agreement directly or indirectly or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person in any manner that will result in a violation of Sanctions by any person (including any Finance Party).

(b) The Company shall, and shall ensure that each Controlled Entity will, institute and maintain policies and procedures designed to promote and achieve material compliance with applicable Sanctions in all respects.

19.5 Anti-corruption

No Obligor shall, and the Company shall procure that no Group Member will, directly or indirectly use the proceeds of the Facility in a manner, or lend, contribute or otherwise make available such proceeds to any subsidiary, affiliate, joint venture partner or other person or entity for the purpose of financing or facilitating any activity, that would violate applicable anti-corruption laws and regulations including without limitation to the extent applicable the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977.

19.6 Anti-money laundering

Each Obligor will, and the Company will procure that the Group will, at all times have in place appropriate procedures and policies designed to promote and achieve compliance by that Obligor (and, in respect of the Company only, by Group Members) with all applicable laws and regulations relating to Money Laundering.
20. **Events of Default**

Each of the events or circumstances set out in the following sub-clauses of this Clause 20 (other than Clause 20.8 (Acceleration)) is an Event of Default.

20.1 Non-payment of principal amount

The Obligors fail to pay the principal amount in respect of the Facility when due and payable (whether at the Final Repayment Date or upon acceleration or otherwise), unless its failure to pay is caused by:

(a) administrative or technical error; or

(b) a Disruption Event,

and payment is made within five Business Days of its due date.

20.2 Non-payment of Interest

The Obligors fail to pay interest in respect of any Loan on or prior to the later of (a) 30 days after such interest becomes due and payable and (b) (in respect of any Compounded Rate Interest Payment) the date falling three RFR Banking Days after the date on which the Agent notified the Company of the amount of that Compounded Rate Interest Payment in accordance with paragraph (c) of Clause 8.8 (Notifications).

20.3 Default under Clause 19.3 (Merger, consolidation and sale of assets)

An Obligor defaults in the performance of or breaches its obligations under Clause 19.3 (Merger, consolidation and sale of assets).

20.4 Other obligations

An Obligor defaults in the performance of or breaches any provision of the Finance Documents (other than a default specified in Clauses 20.1, 20.2 or 20.3) and such default or breach continues for a period of 30 consecutive days after written notice by the Agent.

20.5 Involuntary proceedings

A court having jurisdiction enters in the premises of:

(a) a decree or order for relief in respect of an Obligor or any of the Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law; or

(b) a decree or order adjudging an Obligor or any of the Principal Controlled Entities bankrupt or insolvent, or approving as final and non-appealable a petition seeking reorganisation, arrangement, adjustment, or composition of or in respect of an Obligor or any of the Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of such Obligor or any of the Principal Controlled Entities or of any substantial part of its or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws),
and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days.

20.6 Voluntary proceedings

An Obligor or any of the Principal Controlled Entities:

(a) commence a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent; or

(b) consent to the entry of a decree or order for relief in respect of any Obligor or Principal Controlled Entity in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against any Obligor or Principal Controlled Entity; or

(c) file a petition or answer or consent seeking reorganisation or relief with respect to any Obligor or Principal Controlled Entity under any applicable bankruptcy, insolvency or other similar law, or consent to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of any Obligor or Principal Controlled Entity or of any substantial part of its or their respective property pursuant to any such law; or

(d) make a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or admit in writing of its inability to pay debts generally as they become due, or take corporate action that resolves to commence any such action.

20.7 Illegality

Any obligation of any Obligor under the Finance Documents or any Finance Document is or becomes or is claimed by such Obligor to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the terms of this Agreement.

20.8 Acceleration

At any time while an Event of Default is continuing the Agent may, and shall if so directed by a Lender or Lenders whose Commitments aggregate more than 66⅔ per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66⅔ per cent of the Total Commitments immediately prior to the reduction), by notice to the Company:

(a) without prejudice to the participations of any Lenders in any Loans then outstanding:

(i) cancel the Commitments (and reduce them to zero), whereupon they shall immediately be cancelled (and reduced to zero); or

(ii) cancel any part of any Commitment (and reduce such Commitment accordingly), whereupon the relevant part shall immediately be
cancelled (and the relevant Commitment shall be immediately reduced accordingly); and/or

(b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

21. Changes to the Lenders

21.1 Transfers by the Lenders

(a) Subject to this Clause 21, a Lender (the *Existing Lender*) may:

(i) transfer by novation any of its rights and obligations, under the Finance Documents to another bank or financial institution (the *New Lender*); and

(ii) sub-participate any of its rights and/or obligations under this Agreement.

(b) Subject to Clause 21.9 (*Security over Lender’s rights*), an Existing Lender shall not be permitted to assign any of its rights under the Finance Documents.

21.2 Conditions of transfer or sub-participation

(a) Subject to paragraph (b) below, the prior written consent of the Company is required for any transfer or sub-participation by an Existing Lender.

(b) The prior written consent of the Company (or any Obligor) is not required for a transfer by an Existing Lender if the relevant transfer is:

(i) to another Lender or an Affiliate of a Lender; or

(ii) made at a time when an Event of Default is continuing,

unless such transfer is to a Prohibited Transferee, in which case consent of the Company will be required in accordance with paragraph (a) above.

(c) Any transfer of a Lender’s rights or obligations under the Finance Documents must be in a minimum amount of US$25,000,000 (and following any such transfer by a Lender, unless that Lender has transferred all of its rights and obligations under the Finance Documents), that Lender must retain rights and obligations in a minimum amount of US$25,000,000 or, in each case, such lower amount with the consent of the Company.

(d) A transfer will be effective only if the procedure set out in Clause 21.5 (*Procedure for transfer*) is complied with.

(e) If:
(i) a Lender transfers any of its rights and obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the transfer occurs, the Obligors would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (Tax Gross Up and Indemnities) or Clause 13 (Increased Costs),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those paragraphs to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the transfer had not occurred.

(f) Each New Lender, by executing the relevant Transfer Certificate, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

(g) The right of any Lender to make transfers and enter into sub-participations as provided by this Clause 21 is in any event subject to that Lender procuring that Confidentiality Undertakings are entered into and delivered to the Company as provided by Clause 23 (Disclosure of information).

21.3 Transfer fee

Unless the Agent otherwise agrees and excluding any transfer to an Affiliate of a Lender, the New Lender shall, on the date upon which a transfer takes effect, pay to the Agent (for its own account) a fee of US$2,500.

21.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of
each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations transferred under this Clause 21; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

21.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 21.2 (Conditions of transfer or sub-participation) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Agent shall not be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such New Lender.

(c) Subject to Clause 21.10 (Pro-rata interest settlement), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the Discharged Rights and Obligations);

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
(iii) the Agent, the Arrangers, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arrangers and the Existing Lender shall each be released from further obligations to each other under this Agreement; and

(iv) the New Lender shall become a Party as a “Lender”.

(d) The procedure set out in this Clause 21.5 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of transfer of such right or obligation or prohibit or restrict any transfer of such right or obligation, unless such prohibition or restriction shall not be applicable to the relevant transfer or each condition of any applicable restriction shall have been satisfied.

21.6 Copy of Transfer Certificate or Increase Confirmation to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Increase Confirmation, send to the Company a copy of that Transfer Certificate or Increase Confirmation.

21.7 Existing consents and waivers

A New Lender shall be bound by any consent, waiver, election or decision given or made by the relevant Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the relevant transfer to such New Lender.

21.8 Exclusion of Agent’s liability

In relation to any transfer pursuant to this Clause 21, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

21.9 Security over Lenders’ rights

In addition to the other rights provided to Lenders under this Clause 21, each Lender may without consulting with or obtaining consent from any Obligor at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation, any charge, assignment or other Security to secure obligations to a federal reserve or central bank, except that no such charge, assignment or Security shall:

(a) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
require any payments to be made by the Obligors other than or in excess of, or
grant to any person any more extensive rights than, those required to be made
or granted to the relevant Lender under the Finance Documents.

21.10 Pro-rata interest settlement

If the Agent has notified the Lenders and the Company (which it shall be under no
obligation to do) that it is able to distribute interest payments on a “pro rata basis” to
Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause
21.5 (Procedure for transfer) the Transfer Date of which is after the date of such
notification and is not on the last day of an Interest Period):

(a) any interest or fees in respect of the relevant participation which are expressed
to accrue by reference to the lapse of time shall continue to accrue in favour of
the Existing Lender up to but excluding the Transfer Date (Accrued Amounts)
and shall become due and payable to the Existing Lender (without further
interest accruing on them) on the last day of the current Interest Period (or, if
the Interest Period is longer than six Months, on the next of the dates which
falls at six Monthly intervals after the first day of that Interest Period); and

(b) the rights transferred by the Existing Lender will not include the right to the
Accrued Amounts, so that, for the avoidance of doubt:

(i) when the Accrued Amounts become payable, those Accrued Amounts
will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount
which would, but for the application of this Clause 21.10, have been
payable to it on that date, but after deduction of the Accrued Amounts.

22. Changes to the Obligors

22.1 Assignments and transfer by Obligors

No Obligor may assign or transfer any of its rights or obligations under any Finance
Document, except with the prior written consent of all the Lenders.

22.2 Additional Borrowers

(a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause
18.4 (“Know your customer” checks), the Company may request that any of
its Subsidiaries becomes an Additional Borrower. That Subsidiary shall
become an Additional Borrower if:

(i) that Subsidiary is:

(A) incorporated in the Cayman Islands, the British Virgin Islands
or Hong Kong; or

(B) incorporated in any other jurisdiction and the Agent (acting on
the instruction of the Majority Lenders (acting reasonably))
approves the addition of that Subsidiary as an Additional
Borrower;
(ii) the Company delivers to the Agent a duly completed and executed Accession Letter;

(iii) the Company confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and

(iv) the Agent has received all of the documents and other evidence listed in Part B (Conditions Precedent Required to be Delivered by an Additional Borrower) of Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent (acting reasonably).

(b) The Agent shall notify the Company and the Lenders promptly upon being so satisfied under paragraph (a)(iv).

(c) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification in paragraph (b) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

22.3 Resignation of an Obligor

(a) The Company may request that an Obligor (other than the Company) ceases to be an Obligor by delivering to the Agent a Resignation Letter.

(b) The Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:

(i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Company has confirmed this is the case); and

(ii) no payment is due from, and there are no outstanding Loans which are drawn by, the relevant Obligor,

whereupon that company shall cease to be an Obligor and shall have no further rights or obligations under the Finance Documents.

22.4 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

23. Disclosure of information

23.1 Obligation to keep information confidential

(a) Each Finance Party must keep confidential all information relating to an Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either (i) any Group Member or any of its advisers; or (ii) another
Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Group Member or any of its advisers (regardless of the form such information takes, and including information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information) and shall not use any such information except in connection with the Finance Documents and the Facility.

(b) However, a Finance Party is entitled to disclose information referred to in paragraph (a) above:

(i) if such information is publicly available, other than as a direct or indirect result of a breach by that Finance Party of, or action by its Affiliates that is contrary to the provisions of this Clause 23.1;

(ii) if required to do so in connection with any legal, arbitration or regulatory proceedings or procedure;

(iii) if required to do so under any applicable law or regulation;

(iv) if required or requested to do so by any governmental, banking, taxation or other regulatory authority;

(v) to its professional advisers and any other person providing services to it (including, without limitation, any provider of administrative or settlement services, external auditors, insurers and insurance brokers) provided that such person is under a duty of confidentiality, contractual or otherwise, to that Finance Party;

(vi) to its officers, employees, directors and agents on a need-to-know basis provided that such person is under a duty of confidentiality, contractual or otherwise, to that Finance Party;

(vii) to the head office, branches, representative offices, Subsidiaries, related corporations or Affiliate of any Finance Party (each a Finance Party Related Party) and each Finance Related Party shall be permitted to disclose information as if it were a Finance Party;

(viii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 21.9 (Security over Lender’s rights);

(ix) to any other Finance Party;

(x) to any person permitted in writing by the Company;

(xi) to an Obligor; or

(xii) to the International Swaps and Derivatives Association, Inc. (ISDA) or any Credit Derivatives Determination Committee or sub-committee of ISDA where such disclosure is required by them in order to determine whether the obligations under the Finance Documents will be, or in order for the obligations under the Finance Documents to become, deliverable under a credit derivative transaction or other
credit linked transaction which incorporates the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement or other provisions substantially equivalent thereto.

(c) A Finance Party may disclose to an Affiliate or any potential transferee or Participant to which a transfer or sub-participation is not expressly prohibited under Clause 21 (Changes to the Lenders) but for the avoidance of doubt not to an Industrial Competitor:

(i) a copy of any Finance Document; and

(ii) any information which that Finance Party has acquired under or in connection with any Finance Document.

However, before a potential transferee or Participant may receive any confidential information, it must execute in favour of the relevant Finance Party a Confidentiality Undertaking and deliver a copy of the same to the Company. A Participant may itself disclose the documents and information referred to in sub-paragraphs (i) and (ii) to an Affiliate or any person with whom it may enter, or has entered into, any kind of transfer of an economic or other interest in, or related to, this Agreement so long as the relevant Affiliate or transferee executes in favour of the relevant potential transferee or Participant a Confidentiality Undertaking and delivers a copy of the same to the Company.

This Clause 23.1 supersedes any previous agreement relating to the confidentiality of such information.

23.2 Relevant information

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each of the Lenders accepts and acknowledges that:

(a) some or all of the information (including, without limitations, financial projections and/or other financial data) that has or may be provided to the Lenders (through the Agent or otherwise) is or may constitute relevant information in relation to the Company (the Price Sensitive Information) and that the use of such information may be regulated or prohibited by applicable laws and regulations relating to, among other things, insider dealing and/or market abuse;

(b) upon possession of the Price Sensitive Information, a Lender may be prohibited or restricted under the applicable laws and regulations from, among other things, dealing in or counselling or procuring another person to deal in the listed securities of the Company or its derivatives, or the listed securities of a related corporation of the Company or its derivatives, or otherwise from using or disclosing the Price Sensitive Information;

(c) none of the Agent nor the Arrangers will be liable for any action taken by it under or in connection with distributing the information provided that where it is required to act on the instructions of any Lender or Lenders, the Agent may ask for a confirmation or certificate (in form and substance satisfactory to the
Agent) confirming that the instructing Lender or Lenders is or are not in possession of any Price Sensitive Information and that it is or they are not instructing the Agent, to act as a consequence of being in possession of any Price Sensitive Information; and

(d) any information received under or in connection with the Finance Documents shall not be used for any unlawful purpose, and each Lender shall make an independent evaluation of, and ensure its compliance with, any legal and regulatory restrictions on the use and/or disclosure of such information.

23.3 Individual Data

In respect of any data or information (including, without limitation, data covered by banking secrecy and/or personal data laws) regarding an individual (including, without limitation, any employees of the any Obligor or its Affiliates) (Individual Data) provided to any Finance Party, such Obligor represents and warrants that it has obtained each relevant individual’s prior consent to the collection, use, disclosure and processing of his/her Individual Data by the Finance Parties, and that such Individual Data is true, accurate and complete in all material respects.

24. Role of the Administrative Parties

24.1 Appointment of the Agent

(a) Each of the other Finance Parties appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the other Finance Parties authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

24.2 Duties of the Agent

(a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Without prejudice to Clause 21.6 (Copy of Transfer Certificate or Increase Confirmation to Company), paragraph (a) above shall not apply to any Transfer Certificate or any Increase Confirmation.

(c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to any Administrative Party) under this Agreement it shall promptly notify the other Finance Parties.
(f) The Agent shall provide to the Company within ten (10) Business Days of the last Business Day of each calendar month, a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or office, if any, for whose attention any communication is to be marked) of each Lender for any communications to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

(g) The Agent shall not be liable to account for interest on money paid to it by or recovered from any Obligor. Monies held by the Agent need not be segregated except as required by law.

(h) The Agent’s duties under the Finance Documents are solely mechanical and administrative in nature.

24.3 Role of the Arrangers

Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

24.4 No fiduciary duties

(a) The Administrative Parties shall not otherwise have, nor be deemed to have, assumed any obligations to, or trust or fiduciary relationship with, any other party to this Agreement.

(b) None of the Agent or the Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

24.5 Business with the Group

(a) Any Administrative Party may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Group Member.

(b) Each of the Lenders hereby irrevocably waives, in favour of the Agent, any conflict of interest which may arise by virtue of the Agent acting in various capacities under the Finance Documents or for other customers of the Agent. Each of the Lenders acknowledges that the Agent and its affiliates (together, the Agent Parties) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which a Lender may regard as conflicting with its interests and may possess information (whether or not material to the Lenders) other than as a result of the Agent acting as Agent under the Finance Documents, that the Agent may not be entitled to share with any Lender.
(c) Consistent with its long-standing policy to hold in confidence the affairs of its customers, the Agent will not disclose confidential information obtained from any Lender (without its consent) to any of the Agent’s other customers nor will it use on the Lender’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Lenders agrees that each of the Agent Parties may deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Finance Documents.

24.6 Rights and discretions of the Agent

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 20.1 (Non-payment of principal amount));

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) any notice or request made by the Company (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of the Obligors.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.

(g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor any Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

24.7 Majority Lenders’ instructions
(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) or under paragraph (d) below until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender’s consent) in any legal or arbitration proceedings relating to any Finance Document.

24.8 Responsibility for documentation

No Administrative Party:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Administrative Party, any Obligor or any other person given in or in connection with any Finance Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document;

(c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

24.9 Exclusion of liability

(a) Without limiting paragraph (b) below, the Agent shall not be liable for any cost, loss or liability incurred by any Party as a consequence of:

(i) the Agent having taken or having omitted to take any action under or in connection with any Finance Document, unless directly caused by the Agent’s gross negligence or wilful misconduct; or
(ii) any delay in the crediting to any account of an amount required under the Finance Documents to be paid by the Agent if the Agent shall have taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for the purpose of such payment.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this paragraph (b) subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.

(c) Nothing in this Agreement shall oblige any Administrative Party to conduct any “know your customer” or other procedures in relation to any person on behalf of any Lender and each Lender confirms to each Administrative Party that it is solely responsible for any such procedures it is required to conduct and that it shall not rely on any statement in relation to such procedures made by any Administrative Party.

(d) Notwithstanding anything to the contrary in this Agreement or in any other Finance Document, the Agent shall not in any event be liable for any loss or damage, or any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any reason which is beyond the control of the Agent, including, but not limited to, any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any event where, in the reasonable opinion of the Agent, performance of any duty or obligation under or pursuant to this Agreement would or may be illegal or would result in the Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organisation to which the Agent is subject.

(e) Notwithstanding any other term or provision of this Agreement to the contrary, the Agent shall not be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever, whether or not foreseeable, or for any loss of business, goodwill, opportunity or profit, whether arising directly or indirectly and whether or not foreseeable, even if the Agent is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise. The provisions of this paragraph (b) shall survive the termination or expiry of this Agreement or the resignation or removal of the Agent.
24.10 Refrain from Illegality

The Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction which would or might otherwise render it liable to any person.

24.11 Lenders’ indemnity to the Agent

(a) Each Lender shall, in accordance with paragraph (b) below, indemnify the Agent within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Agent’s gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by the Obligors pursuant to a Finance Document).

(b) The proportion of such cost, loss or liability to be borne by each Lender shall be in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero.

(c) The Lenders’ indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.

24.12 Resignation of the Agent

(a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Company.

(b) Alternatively the Agent may resign by giving thirty (30) days’ notice to the other Finance Parties and the Company, in which case the Majority Lenders (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within thirty (30) days after notice of resignation was given, the retiring Agent (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(d) The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent’s resignation notice shall take effect only upon the appointment of a successor, provided that notwithstanding any of the foregoing, the resignation of the Agent otherwise in accordance with the provisions of this Clause 24 shall be effective immediately in the event that the Agent’s continuing appointment would conflict with (and such resignation would be required by) applicable law or the Agent’s internal policies (including without limitation with respect to “know-your-client” and/or any conflict of interest) that in each case, cannot be resolved to the reasonable satisfaction of the Agent.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall
remain entitled to the benefit of this Clause 24.12. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Company, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

(h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(i) the Agent fails to respond to a request under Clause 24.14 (FATCA Information) and the Company or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(ii) any information supplied by the Agent pursuant to Clause 24.14 (FATCA Information) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii) the Agent notifies the Company and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Company or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Company or that Lender, by notice to the Agent, requires it to resign.

For the purposes of this paragraph (h):


_FATCA_ has the meaning given to that term in Clause 12.1 (Tax definitions).

_FATCA Application Date_ means:

(A) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;

(B) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

_FATCA Deduction_ has the meaning given to that term in Clause 12.1 (Tax definitions).
**FATCA Exempt Party** means a Party that is entitled to receive payments free from any FATCA Deduction.

24.13 Replacement of the Agent

(a) After consultation with the Company, the Majority Lenders may, by giving thirty (30) days’ notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent or by appointing a successor Agent (acting through an office in Hong Kong).

(b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 24.13 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

(d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

24.14 FATCA information

(a) Subject to paragraph (c) below, the Agent shall, within ten Business Days of a reasonable request by the Company or a Lender:

(i) confirm to that other Party whether it is:

   (A) a FATCA Exempt Party; or
   
   (B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.

(b) If the Agent confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, the Agent shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige the Agent to do anything which would or might in its reasonable opinion constitute a breach of:
(i) any law or regulation;
(ii) any fiduciary duty; or
(iii) any duty of confidentiality.

(d) If the Agent fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:

(i) if the Agent failed to confirm whether it is (and/or remains) a FATCA Exempt Party then the Agent shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and

(ii) if the Agent failed to confirm its applicable “passthrough payment percentage” then the Agent shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthrough payment percentage” is 100 per cent,

until (in each case) such time as the Agent provides the requested confirmation, forms, documentation or other information.

24.15 Confidentiality

(a) In acting as agent for the Finance Parties, each of the Agent shall be regarded as acting through its agency or, as the case may be, trustee division which shall be treated as a separate legal person from any other of its branches, divisions or departments.

(b) If information is received by another branch, division or department of the legal person which is the Agent, it may be treated as confidential to that branch, division or department and the Agent shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Agent shall not be obliged to disclose to any Finance Party any information supplied to it by any Obligor or any Affiliates of the Obligors on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

24.16 Relationship with the Lenders

(a) Subject to Clause 26.2 (Distributions by the Agent), the Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Lender shall supply the Agent with any information that the Agent may reasonably specify as being necessary or desirable to enable the Agent to perform its functions as Agent.

(c) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall
contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 28.5 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 28.2 (Addresses) and paragraph (a) of Clause 28.5 (Electronic communication) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

24.17 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to each Administrative Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each Group Member;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

24.18 Agent’s management time

Any amount payable to the Agent under Clause 15.3 (Indemnity to the Agent), Clause 16 (Costs and Expenses) and Clause 24.11 (Lenders’ indemnity to the Agent) shall include the reasonable cost of utilising the Agent’s management time or other resources in respect of any duties which are outside the scope of the normal duties of the Agent under the Finance Documents and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 11 (Fees). For the avoidance of doubt, any action required to be undertaken by the Agent in respect of or in relation to any Default, change in structure of the Facility, including acts
contemplated in Clauses 16.2 (Amendment costs) and 16.3 (Enforcement costs) shall not be regarded as tasks falling within the scope of the normal duties of the Agent under the Finance Documents. In the event of any dispute in respect of such cost of utilising the Agent’s management time or other resources, the costs to be paid shall be as reasonably determined by the Agent.

24.19 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

25. Sharing among the Finance Parties

25.1 Payments to Finance Parties

If a Finance Party (a Recovering Finance Party) receives or recovers (whether by set off or otherwise) any amount from any Obligor other than in accordance with Clause 26 (Payment mechanics) (a Recovered Amount) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 26 (Payment mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the Sharing Payment) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 26.6 (Partial payments).

25.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the Obligors and distribute it between the Finance Parties (other than the Recovering Finance Party) (the Sharing Finance Parties) in accordance with Clause 26.6 (Partial payments) towards the obligations of the Obligors to the Sharing Finance Parties.

25.3 Recovering Finance Party’s rights

(a) On a distribution by the Agent under Clause 25.2 (Redistribution of payments) of a payment received by a Recovering Finance Party from an Obligor, as between that Obligor and the Recovering Finance Party, an amount of the
Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Obligors shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

25.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the Redistributed Amount); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

25.5 Exceptions

(a) This Clause 25 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 25, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

26. Payment mechanics

26.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

26.2 Distributions by the Agent

(a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 26.3 (Distributions to the Obligors), Clause 26.4 (Clawback), Clause 26.6 (Partial payments) and Clause 24.19 (Deduction from amounts payable by the Agent) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office):

(i) with respect to the Company and the Original Lenders, to such account as specified in Part A (Original Lenders) of Schedule 7 (Account details) (or such other account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency);

(ii) with respect to the Obligors and the Restatement Effective Date Lenders, to such account as specified in Part B (Restatement Effective Date Lenders) of Schedule 7 (Account details) (or such other account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency); or

(iii) with respect to any other Party, to such account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency.

(b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date PROVIDED THAT the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to Clause 21 (Changes to the Lenders) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

26.3 Distributions to the Obligors

The Agent may (with the consent of the Company or in accordance with Clause 27 (Set-off)) apply any amount received by it for an Obligor in or towards payment (in the currency and funds of receipt) of any amount due from the Obligors under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

26.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
(b) If the Agent or its Affiliate or Representative on its behalf or direction (the Agent and its applicable Affiliate or Representative, an Agent Entity) pays an amount to another Party (unless paragraph (c) below applies) or, at the direction of such Party, that Party’s Affiliate, Related Fund or Representative (such Party and its applicable Affiliate, Related Fund or Representative, an Other Party Entity) and it proves to be the case (in the sole determination of the Agent acting in good faith and in a commercially reasonably manner) that (i) neither the Agent nor the applicable Agent Entity actually received that amount or (ii) such amount was otherwise paid in error (whether such error was known or ought to have been known to such other Party or applicable Other Party Entity), provided that, in each case, the applicable Agent Entity has notified the applicable Other Party Entity in writing (and with respect to (ii) only within five Business Days of the date of receipt (or, if in good faith determination of the Other Party Entity a longer notice period would be reasonable in the circumstances, such longer notice period)) of such amount by the applicable Other Party Entity, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid (or on whose direction its applicable Other Party Entity was paid) by the applicable Agent Entity shall (or shall procure the applicable Other Party Entity to) hold such amount on trust or, to the extent not possible as a matter of law, for the account of the applicable Agent Entity and shall (or shall procure the applicable Other Party Entity to) within two Business Days of demand refund the same to the Agent Entity together with interest on that amount from the date of payment to the date of receipt by the Agent Entity, calculated by the Agent to reflect its cost of funds (except that no interest will be payable by the applicable Other Party Entity if such amount is paid to it with respect to (ii) and due to the fraud, gross negligence or wilful misconduct of the applicable Agent Entity).

(c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Company or an Additional Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves (in the sole determination of the Agent acting in good faith and in a commercially reasonably manner) to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Company or an Additional Borrower.

(i) the Agent shall notify the Company of that Lender’s identity and the Company or that Additional Borrower to whom that sum was made available shall hold such amount on trust or, to the extent not possible as a matter of law, for the account, of the Agent and on demand refund it to the Agent; and

(ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Company or that Additional Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

26.5 Impaired Agent
(a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 26.1 (Payments to the Agent) may instead either:

(i) pay that amount direct to the required recipient(s); or

(ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the Paying Party) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the Recipient Party or Recipient Parties).

In each case such payments must be made on the due for payment under the Finance Documents.

(b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties pro rata to their respective entitlements.

(c) A Party which has made a payment in accordance with this Clause 26.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.

(d) Promptly upon the appointment of a successor Agent in accordance with Clause 24.13 (Replacement of the Agent), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 26.2 (Distributions by the Agent).

(e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:

(i) that it has not given an instruction pursuant to paragraph (d) above; and

(ii) that it has been provided with the necessary information by that Recipient Party,

give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

26.6 Partial payments

(a) If any Finance Party receives or recovers an amount from or in respect of an Obligor under or in connection with any Finance Document which amount is
insufficient to, or is not applied to, discharge all the amounts then due and payable by the Obligors under the Finance Documents, then the Agent shall apply that payment towards the obligations of the Obligors under the Finance Documents in the following order:

(i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent under the Finance Documents;

(ii) secondly, in or towards payment pro rata of any accrued interest, fee (other than as provided in sub-paragraph (i) above) or commission due but unpaid under the Finance Documents;

(iii) thirdly, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(iv) fourthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

26.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

26.8 Business Days

(a) Any payment which is due to be made on a day (other than a Final Repayment Date) that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). If a Final Repayment Date is not a Business Day, any payment which is due to be made on that Final Repayment Date shall be made on the preceding Business Day.

(b) During any extension of the due date for payment of any principal or Unpaid Sum under paragraph (a) above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

26.9 Currency of account

(a) Subject to paragraphs (b) to (e) below, US Dollar is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than US Dollar shall be paid in that other currency.

26.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (acting reasonably and after consultation with the Company); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably and after consultation with the Company).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

27. Set-off

While an Event of Default is continuing, a Finance Party may set off any matured obligation due from the Obligors under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to any Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. That Finance Party shall promptly notify the Company of any such set-off or conversion.

28. Notices

28.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.
28.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company that identified with its name below;
(b) in the case of each Lender and each Additional Borrower that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
(c) in the case of the Agent that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days’ notice.

28.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will be effective:

(i) if by way of fax, only when received in legible form; or
(ii) if by way of letter, only when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 28.2 (Addresses), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent’s signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

28.4 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.
28.5 Electronic communication

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days’ notice.

(b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

(c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

28.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

29. Calculations and certificates

29.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

29.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document shall set out the basis of calculation in reasonable detail and is, in the absence of manifest error, conclusive evidence of the matters to which it relates.
29.3 Day count convention

(a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated:

(i) on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Market differs, in accordance with that market practice; and

(ii) subject to paragraph (b) below, without rounding.

(b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by the Company under a Finance Document shall be rounded to 2 decimal places.

30. Partial invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

31. Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

32. Amendments and waivers

32.1 Required consents

(a) Subject to Clause 2.3 (Additional Commitments), Clause 32.2 (Exceptions) and Clause 32.3 (Extension of Commitments), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors’ Agent (in accordance with Clause 2.7 (Obligors’ Agent) and paragraph (c) below) and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 32.

(c) Without prejudice to the other provisions of this Agreement, each Obligor agrees to any such amendment or waiver permitted by this Clause 32.1 which is agreed to by the Obligors’ Agent. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Obligors.
32.2 Exceptions

(a) Subject to Clause 32.3 (Extension of Commitments) and Clause 32.8 (Changes to reference rates), an amendment or waiver that has the effect of changing or which relates to:

(i) the definition of Majority Lenders in Clause 1.1 (Definitions);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) an increase in the amount of any Commitment or an extension of the period of availability for utilisation of any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably;

(v) any provision which expressly requires the consent of all the Lenders;

(vi) Clause 2.3 (Additional Commitments);

(vii) Clause 2.5 (Finance Parties’ rights and obligations); or

(viii) Clause 21 (Changes to the Lenders);

(ix) a change to the Obligors other than in accordance with Clause 22 (Changes to the Obligors); or

(x) this Clause 32.2,

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of any Administrative Party may not be effected without the consent of such Administrative Party.

32.3 Extension of Commitments

(a) Subject to Clause 32.4 (Requirement to offer extension of Commitments to all Lenders) the Company and any Lender may agree that:

(i) the Availability Period and Final Repayment Date applicable to such participation be extended; and

(ii) if any extension as referred to in paragraph (a) applies, the Margin applicable to the relevant participation should be adjusted.

(b) Following any agreement as referred to in paragraph (a) above, the Company and the relevant Lender(s) may notify the Agent, giving details of the applicable agreement (the Extension Agreement).

(c) Promptly following notification in accordance with paragraph (b) above, the Agent shall, at the cost of the Obligors, agree with the Company on behalf of the Finance Parties such amendments to the Finance Documents as may be
necessary or appropriate to give effect to the Extension Agreement (which may for the avoidance of doubt include designating the affected participations as loans under a new facility).

(d) The Agent shall promptly provide to each of the Finance Parties copies of any amendment agreement entered into pursuant to paragraph (c) above.

32.4 Requirement to offer extension of Commitments to all Lenders

(a) The Agent will only be authorised to enter into an amendment agreement under paragraph (c) of Clause 32.3 (Extension of Commitments) if prior to entering into such amendment agreement it is satisfied (acting reasonably) that:

(i) each Lender shall have been offered the opportunity to participate in such extension in an amount up to that Lender’s Pro Rata Share; and

(ii) each Lender shall have been given a period of at least 10 Business Days following receipt of the proposed terms of the extension referred to in paragraph (a) of Clause 32.3 (Extension of Commitments), to determine (A) whether or not to participate; and (B) if it wishes to participate, the amount of its Commitment (up to its Pro Rata Share) that it is willing to extend on the proposed terms.

(b) For the purposes of paragraph (a) above, **Pro Rata Share** means in relation to a Lender whose Commitments are being extended, the percentage of the aggregate amount of the relevant Extended Loans that that Lender’s Commitment bears to the Total Commitments.

(c) For the avoidance of doubt, prior to the date on which the Obligors and the relevant Lender(s) execute an Extension Agreement, the Obligors shall have no obligation to proceed with any proposed extension.

32.5 Disenfranchisement of Defaulting Lenders

(a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:

(i) the Majority Lenders; or

(ii) whether:

(A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents,

that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender’s Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of sub-paragraphs (i) and (ii) above.
(b) For the purposes of this Clause 32.5, the Agent may assume that the following Lenders are Defaulting Lenders:

(i) any Lender which has notified the Agent that it has become a Defaulting Lender;

(ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b), (c) or (d) of the definition of Defaulting Lender has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

32.6 Excluded Commitments

If:

(a) any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within fifteen Business Days of that request being notified to the Lenders (or, if later, within 15 Business Days of the date on which the Lenders have received such information as the Agent determines is reasonably required to allow the Lenders to respond to the relevant request in an informed manner); or

(b) any Lender which is not a Defaulting Lender fails to respond to such a request for such a vote within fifteen Business Days of that request being made,

(unless, in either case, the Company and the Agent agree to a longer time period in relation to any request):

(i) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

32.7 Replacement of Lender

(a) If:

(i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (d) below); or

(ii) any Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (Illegality) or to pay additional amounts pursuant to Clause 13 (Increased Costs), Clause 12.2 (Tax gross-up) or Clause 12.3 (Tax indemnity) to any Lender; or
(iii) any Lender becomes a Defaulting Lender or ceases to have a rating for its long-term unsecured and non-credit-enhanced debt obligations of A- or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or A3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency,

then the Company may, on fifteen (15) Business Days’ prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 21 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution or other entity (a Replacement Lender) selected by the Company, which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 21 (Changes to the Lenders) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest (to the extent that the Agent has not given a notification under Clause 21.10 (Pro-rata interest settlement)) and other amounts payable in relation thereto under the Finance Documents.

On or after the delivery of the notice under this paragraph (a), the Company shall deliver a Transfer Certificate complying with Clause 21.5 (Procedure for transfer) and any other related documentation to effect the transfer, which Transfer Certificate and any other related documentation to effect the transfer (if attached) shall be promptly (and by no later than the later of (i) 15 (fifteen) Business Days after delivery by the Company of such notice and (ii) 3 (three) Business Days after delivery by the Company of such Transfer Certificate and all other related documentation) executed by the relevant Lender subject to the replacement (the Replaced Lender) and returned to the Company and the Agent. Notwithstanding the requirements of Clause 21 (Changes to the Lenders) or any other provisions of the Finance Documents (save only for the conditions set out in paragraph (b) below, which continue to apply), if a Replaced Lender does not execute and return (as applicable) a Transfer Certificate and all other related documentation to effect the transfer as required by this paragraph (a) on or before the later of (i) 15 (fifteen) Business Days after delivery by the Company of such notice and (ii) 3 (three) Business Days after delivery by the Company of such Transfer Certificate and all other related documentation) executed by the relevant Lender subject to the replacement (the Replaced Lender) and returned to the Company and the Agent. Notwithstanding the requirements of Clause 21 (Changes to the Lenders) or any other provisions of the Finance Documents (save only for the conditions set out in paragraph (b) below, which continue to apply), if a Replaced Lender does not execute and return (as applicable) a Transfer Certificate and all other related documentation to effect the transfer as required by this paragraph (a) on or before the later of (i) 15 (fifteen) Business Days after delivery by the Company of such notice and (ii) 3 (three) Business Days after delivery by the Company of such Transfer Certificate and all other related documentation and none of the conditions set out in paragraphs (b) below remain to be satisfied in respect of that transfer, (i) the relevant Replaced Lender shall be a Defaulting Lender for all purposes under the Finance Documents, (ii) the Agent may (and is authorised and required by each Finance Party to) execute, without requiring any further consent or action from any other party, a Transfer Certificate and any other related documentation to effect the transfer on behalf of the relevant Replaced Lender which is required to transfer its rights and obligations under this Agreement pursuant to this paragraph (a) which shall be effective for the purposes of Clause 21.5 (Procedure for transfer) and (iii) to the extent that any transfer purported to be effected by this Clause 32.7 is not effective, the relevant Replaced Lender shall
indemnify and hold the Agent and each applicable Replacement Lender harmless against any loss or liability incurred by such person as result of the Replaced Lender’s failure to execute and return the relevant transfer documentation (but excluding any such failure due to the non-compliance of any necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer) and account to each applicable Replacement Lender for all applicable principal and accrued amounts of interest (if any) unless and until such transfer is effected. The Agent shall not be liable in any way for any action taken by it pursuant to this paragraph (a) and, for the avoidance of doubt, the provisions of Clause 24.9 (Exclusion of liability) shall apply in relation thereto.

(b) The replacement of a Lender pursuant to this Clause 32.7 shall be subject to the following conditions:

(i) no Obligor shall have any right to replace the Agent;

(ii) neither the Agent nor the Lender shall have any obligation to any Obligor to find a Replacement Lender;

(iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 Business Days after the date on which that Lender is deemed a Non-Consenting Lender;

(iv) in no event shall the Lender replaced under Clause 32.4 (Requirement to offer extension of Commitments to all Lenders) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and

(v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.

(c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.

(d) In the event that:

(i) an Obligor or the Agent (at the request of an Obligor) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;

(ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and

(iii) the Majority Lenders have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a Non-Consenting Lender.

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32.8 Changes to reference rates

(a) Subject to paragraph (b) of Clause 32.2 (Exceptions), if a Published Rate Replacement Event has occurred in relation to any Published Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Reference Rate in place of that Published Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;

(B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Reference Rate;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Company.

(b) An amendment or waiver that relates to, or has the effect of, aligning the means of calculation of interest on a Compounded SOFR Loan under this Agreement to any recommendation of a Relevant Nominating Body which:

(i) relates to the use of the RFR on a compounded basis in the international or any relevant domestic syndicated loan markets; and

(ii) is issued on or after the date of this Agreement,

may be agreed between the Company and the Agent (acting on the instructions of the Majority Lenders).

(c) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) or (b) above within 15 Business Days (or such longer time period in relation to any request which the Company and the Agent may agree) of that request being made:
(i) its Commitment shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage of Total Commitments has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

(d) In this Clause 32.8:

*Published Rate* means:

(i) an RFR;

(ii) Overnight SOFR; or

(iii) Term SOFR for any Quoted Tenor.

*Published Rate Replacement Event* means, in relation to a Published Rate:

(i) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Majority Lenders and the Company, materially changed;

(ii) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or

(I) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent, provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;

(B) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;

(C) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued; or

(D) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or
(iii) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(A) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Company) temporary; or

(B) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than one month;

(iv) in the opinion of the Majority Lenders and the Company, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**Relevant Nominating Body** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

**Replacement Reference Rate** means a reference rate which is:

(i) formally designated, nominated or recommended as the replacement for a Published Rate by:

(A) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or

(B) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Reference Rate” will be the replacement under paragraph (B) above;

(ii) in the opinion of the Majority Lenders and the Company, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Published Rate; or

(iii) in the opinion of the Majority Lenders and the Company, an appropriate successor to a Published Rate.

33. **Counterparts**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.
34. Contractual recognition of Bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including:

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

35. Recognition of Hong Kong Stay Powers

(a) Notwithstanding anything to the contrary in this Agreement or any other Finance Document or any other agreement, arrangement or understanding between the Parties relating to this Agreement, each of the Parties (other than any Excluded Counterparties) expressly agrees to be bound by any suspension of any termination right in relation to this Agreement imposed by the Hong Kong Resolution Authority in accordance with section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, to the same extent as if this Agreement was governed by the laws of Hong Kong.

(b) For the purpose of this Clause 35:

**Excluded Counterparty** means any Party which is (a) a financial market infrastructure; (b) the Hong Kong Monetary Authority; (c) the Government of the Hong Kong Special Administrative Region; (d) the government of a jurisdiction other than Hong Kong; or (e) the central bank of a jurisdiction other than Hong Kong; and

**Hong Kong Resolution Authority** means the resolution authority in Hong Kong in relation to a banking sector entity from time to time, which is currently the Hong Kong Monetary Authority.

36. Governing law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

37. Enforcement

37.1 Jurisdiction of English courts
(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute relating to any non-contractual obligation arising from or in connection with this Agreement and any dispute regarding the existence, validity or termination of this Agreement) (a Dispute).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 37.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

37.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law:

(a) each Obligor (other than an Obligor incorporated in England and Wales) irrevocably appoints Law Debenture Corporate Services Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

Each Obligor expressly agrees and consent to the provision of this Clause 37.2.

37.3 Waiver of immunities

Each Obligor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

(a) suit;

(b) jurisdiction of any court;

(c) relief by way of injunction or order for specific performance or recovery of property;

(d) attachment of its assets (whether before or after judgment); and

(e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

This Agreement has been entered into on the date stated at the beginning of this Agreement.
## Schedule

### The Lenders

#### Part A The Original Lenders

<table>
<thead>
<tr>
<th>Name of Original Lender</th>
<th>Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOLDMAN SACHS BANK USA</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MIZUHO BANK, LTD., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BNP PARIBAS, ACTING THROUGH ITS HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CREDIT SUISSE AG, SINGAPORE BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MORGAN STANLEY SENIOR FUNDING, INC.</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK LTD., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH)</td>
<td>[REDACTED]</td>
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<td>ING BANK N.V., SINGAPORE BRANCH</td>
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<td><strong>Total:</strong></td>
<td><strong>US$5,150,000,000</strong></td>
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## Part B The Restatement Effective Date Lenders

<table>
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<tr>
<th>Name of Restatement Effective Date Lender</th>
<th>Place of incorporation</th>
<th>Commitment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</td>
<td>Hong Kong</td>
<td>[REDACTED]</td>
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<tr>
<td>STANDARD CHARTERED BANK (HONG KONG) LIMITED</td>
<td>Hong Kong</td>
<td>[REDACTED]</td>
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<tr>
<td>MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH</td>
<td>Japan</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>MUFG BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH</td>
<td>Japan</td>
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<tr>
<td>BNP PARIBAS</td>
<td>France</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED</td>
<td>Hong Kong</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK, N.A., HONG KONG BRANCH</td>
<td>(organized under the laws of the USA with limited liability)</td>
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<tr>
<td>DBS BANK LTD., HONG KONG BRANCH</td>
<td>Singapore</td>
<td>[REDACTED]</td>
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<tr>
<td>INTESA SANPAOLO S.P.A., HONG KONG BRANCH</td>
<td>Italy</td>
<td>[REDACTED]</td>
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<tr>
<td>JPMORGAN CHASE BANK, N.A., ACTING THROUGH ITS HONG KONG BRANCH</td>
<td>United States</td>
<td>[REDACTED]</td>
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<tr>
<td>MORGAN STANLEY SENIOR FUNDING, INC.</td>
<td>United States</td>
<td>[REDACTED]</td>
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<tr>
<td>AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED</td>
<td>Australia</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>ING BANK N.V., SINGAPORE BRANCH</td>
<td>Netherlands</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>Name of Restatement Effective Date Lender</td>
<td>Place of incorporation</td>
<td>Commitment (US$)</td>
</tr>
<tr>
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<tr>
<td>BANK OF CHINA (HONG KONG) LIMITED</td>
<td>Hong Kong</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA)</td>
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<tr>
<td>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED</td>
<td>Hong Kong</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CREDIT SUISSE AG, SINGAPORE BRANCH</td>
<td>Switzerland</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF COMMUNICATIONS CO., LTD., MACAU BRANCH</td>
<td>PRC</td>
<td>[REDACTED]</td>
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<td>CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH</td>
<td>PRC</td>
<td>[REDACTED]</td>
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<td>BANK OF COMMUNICATIONS CO., LTD. (ACTING THROUGH ITS OFFSHORE BANKING UNIT)</td>
<td>PRC</td>
<td>[REDACTED]</td>
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<tr>
<td>AGRICULTURAL BANK OF CHINA LIMITED, NEW YORK BRANCH</td>
<td>PRC</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANCO BILBAO VIZCAYA ARGENTARIA, S.A. HONG KONG BRANCH</td>
<td>Spain</td>
<td>[REDACTED]</td>
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<tr>
<td>CICC HONG KONG FINANCE (CAYMAN) LIMITED</td>
<td>Cayman Islands</td>
<td>[REDACTED]</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>US$6,500,000,000</strong></td>
<td></td>
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</tbody>
</table>
Part A Conditions Precedent to Initial Utilisation

1. Company

   (a) A copy of the constitutional documents of the Company (comprising, its currently effective memorandum and articles of association, certificate of incorporation (and certificate(s) of incorporation on change of name, if any), register of directors and register of mortgages and charges).

   (b) A copy of a resolution of the board of directors of the Company:

       (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

       (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;

       (iii) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

   (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

   (d) A certificate from the Company (signed by a director) confirming that borrowing the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded.

   (e) A certificate of an authorised signatory of the Company certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

   (f) A copy of a certificate of good standing of the Company.

   (g) A copy of a certificate of incumbency (or registered office provider’s certificate) from the registered office provider of the Company.

2. Finance Documents

   Copies of the following (duly executed and delivered by all parties thereto):

   (a) this Agreement; and

   (b) each Fee Letter (excluding any Additional Commitment Fee Letter).

3. Legal opinions

   (a) A legal opinion as to English law from Freshfields Bruckhaus Deringer in relation to the documents referred to in paragraph 2 above, addressed to the Original Mandated Lead Arrangers, the Agent and the Original Lenders and in
form and substance satisfactory to the Original Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

(b) A legal opinion as to Cayman Islands law from Maples and Calder (Hong Kong) LLP, addressed to the Original Mandated Lead Arrangers, the Agent and the Original Lenders and in form and substance satisfactory to the Original Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

4. Other documents and evidence

(a) Evidence that the process agent referred to in Clause 37.2 (Service of process) has accepted its appointment.

(b) A copy of the Group Structure Chart.

(c) Evidence that any fees, costs and expenses then due from the Company pursuant to Clause 11 (Fees) and Clause 16 (Costs and Expenses) have been paid or will be paid by the first Utilisation Date.

(d) Evidence that the approval from the National Development and Reform Commission in respect of the Facility has been obtained.

Part B Conditions Precedent Required to be Delivered by an Additional Borrower

1. An Accession Letter, duly executed by the Additional Borrower and the Company.

2. A copy of the constitutional documents of the Additional Borrower.

3. A copy of a resolution of the board of directors of the Additional Borrower:

(a) approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute the Accession Letter;

(b) authorising a specified person or persons to execute the Accession Letter on its behalf;

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents; and

(d) appointing the Company as the Additional Borrower’s Agent in relation to the Finance Documents pursuant to Clause 2.7 (Obligors’ Agent).

4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.

5. A certificate of the Additional Borrower (signed by a director) confirming that borrowing the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded.
6. A certificate of an authorised signatory of the Additional Borrower certifying that each copy document listed in this Part B of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.

7. A legal opinion as to English law from Freshfields Bruckhaus Deringer, addressed to the Agent and the Lenders and in form and substance satisfactory to the Agent and the Lenders (acting reasonably).

8. If the proposed Additional Borrower is incorporated in a jurisdiction other than England and Wales, a legal opinion as to the laws of its jurisdiction of incorporation, addressed to the Agent and the Lenders and in form and substance satisfactory to the Agent and the Lenders (acting reasonably).

9. If the proposed Additional Borrower is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in Clause 37.2 (Service of process) has accepted its appointment in relation to the proposed Additional Borrower.
Schedule

Utilisation Request

From: [the Obligor(s)]/[Alibaba Group Holding Limited as Obligors’ Agent]

To: [Agent]

Dated:

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement shall have the same meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

   Borrower(s): [●]

   Proposed Utilisation Date: [≠] (or, if that is not a Business Day, the next Business Day)

   Currency of Loan: US Dollars

   Amount: [≠] or, if less, the Available Facility

   Interest Period: [≠]

3. We confirm that each applicable condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. [This Loan is to be made in [whole]/[part] for the purpose of general corporate purposes]/[The proceeds of this Loan should be credited to [account].]

5. This Utilisation Request is irrevocable.

Yours faithfully

…………………………………

authorised signatory for

[Obligor]
Schedule
Form of Transfer Certificate

To: [≠] as Agent

From: [The Existing Lender] (the Existing Lender) and [The New Lender] (the New Lender)

Dated:

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to Clause 21.5 (Procedure for transfer) of the Facility Agreement. This is a Transfer Certificate. Terms used in the Facility Agreement shall have the same meaning in this Transfer Certificate.

2. The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with Clause 21.5 (Procedure for transfer), all of the Existing Lender’s rights and obligations under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participations in Loans under the Facility Agreement as specified in the Schedule.

3. The proposed Transfer Date is [≠].

4. The Facility Office and address, fax number and attention particulars for notices of the New Lender for the purposes of Clause 28.2 (Addresses) are set out in the Schedule.

5. The New Lender expressly acknowledges:
   (a) the limitations on the Existing Lender’s obligations set out in paragraphs (a) and (c) of Clause 21.4 (Limitation of responsibility of Existing Lenders); and
   (b) that it is the responsibility of the New Lender to ascertain whether any document is required or any formality or other condition requires to be satisfied to effect or perfect the transfer contemplated by this Transfer Certificate or otherwise to enable the New Lender to enjoy the full benefit of each Finance Document.

6. The New Lender confirms that it is a “New Lender” within the meaning of Clause 21.1 (Transfers by the Lenders).

7. The New Lender confirms that it is not an Industrial Competitor.

8. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

9. This Transfer Certificate [and all non-contractual obligations arising from or in connection with this Transfer Certificate] [is/are] governed by English law.

10. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.
THE SCHEDULE

Commitment/rights and obligations to be transferred, and other particulars

Commitment/participation(s) transferred

Drawn Loan(s) participation(s) amount(s): [\¥]
Available Commitment amount: [\¥]

Administration particulars:

New Lender’s receiving account: [\¥]
Address: [\¥]
Telephone: [\¥]
Facsimile: [\¥]
Attn/Ref: [\¥]

[the Existing Lender] [the New Lender]

By: By:

This Transfer Certificate is executed by the Agent and the Transfer Date is confirmed as [\¥].

[the Agent]

By:

Note: It is the New Lender’s responsibility to ascertain whether any other document is required, or any formality or other condition is required to be satisfied, to effect or perfect the transfer contemplated in this Transfer Certificate or to give the New Lender full enjoyment of all the Finance Documents.
Schedule
Form of Increase Confirmation

To: Citicorp International Limited as Agent
   [the Obligors] as the Obligors

From: [the Increase Lender] (the Increase Lender)

Dated:

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This agreement (the Agreement) shall take effect as an Increase Confirmation for the purpose of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.

2. We refer to Clause 2.2 (Increase) of the Facility Agreement.

3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the Relevant Commitment) as if it was an Original Lender under the Facility Agreement.

4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the Increase Date) is [●].

5. On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents as a Lender.

6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 28.2 (Addresses) of the Facility Agreement are set out in the Schedule.

7. The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (d) of Clause 2.2 (Increase) of the Facility Agreement.

8. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

9. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10. This Agreement has been entered into on the date stated at the beginning of this Agreement.
THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facility Agreement by the Agent and the Increase Date is confirmed as [●].

Agent

By:
We understand that you are considering acquiring an interest in the Facility Agreement and (if applicable) the other Finance Documents which, subject to the Facility Agreement, may be by way of novation, the entering into, whether directly or indirectly, of a sub-participation or any other transaction under which payments are to be made or may be made by reference to one or more Finance Documents and/or the Obligors or by way of investing in or otherwise financing, directly or indirectly, any such novation, sub-participation or other transaction (the Acquisition).

In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

(a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information; and

(b) until the Acquisition is completed, to use the Confidential Information only for the Permitted Purpose.

2. Permitted Disclosure

You may disclose Confidential Information:

(a) to any member of the Purchaser Group, its professional advisers, officers, directors, employees, auditors and other persons providing services to it (provided that such person is under a duty of confidentiality in relation to the Confidential Information, professional, contractual or otherwise, to you) to the extent necessary for the Permitted Purpose, if such person to whom the
Confidential Information is to be given pursuant to this paragraph is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) (i) where requested or required by any court of competent jurisdiction or any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Purchaser Group;

(c) to any person:

(i) to (or through) whom you transfer (or may potentially transfer) all or any of the rights, benefits and obligations which you may acquire under the Facility Agreement; or

(ii) with (or through) whom you enter into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Facility, the Facility Agreement and/or one or more of the other Finance Documents or the Obligors,

provided that such person has delivered to you (with a copy to the Company) a letter in equivalent form to this letter; and

(d) notwithstanding paragraphs (a) to (c) above, to such persons to whom, and on the same terms as, a Finance Party is permitted to disclose Confidential Information under the Facility Agreement, as if such permissions were set out in full in this letter and as if references in those permissions to a Finance Party were references to you.

3. Notification of Required or Unauthorised Disclosure

To the extent practicable and permitted by law and regulation, you agree to inform us:

(a) of the full circumstances of any disclosure under paragraph 2(b) above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. Return/Destruction of Confidential Information

If you do not enter into the Acquisition and we so request in writing, you shall:

(a) return or destroy all Confidential Information supplied to you by us;
(b) destroy or permanently erase all copies of Confidential Information made by you; and

(c) use reasonable endeavours to ensure that anyone who has received any Confidential Information destroys or permanently erases such Confidential Information and all copies made by them,

in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2(b) above.

However, you and any such recipients shall not be under any obligation to return, destroy or permanently erase any Confidential Information:

(i) contained in any work produced by any member of the Purchaser Group, its professional advisers or other persons providing services to it, to the extent that any of them are required by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or stock exchange or by internal policy to retain such work; or

(ii) contained in any computer record or file which has been created by or pursuant to any automatic electronic archiving system or IT back-up procedure.

5. Continuing Obligations

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease on the earliest of:

(a) if you become a party to the Facility Agreement as a lender of record, the date on which you become such a party to the Facility Agreement;

(b) if you enter into the Acquisition but it does not result in you becoming a party to the Facility Agreement as a lender of record, the date falling twelve (12) months after the date on which all of your rights and obligations contained in the documentation entered into to implement that Acquisition have terminated;

(c) in any other case, the date falling twelve (12) months after the date of your final receipt (in whatever manner) of any Confidential Information.

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

(a) neither we nor any member of the Company Group nor any of our or their respective officers, employees, affiliates or advisers (each a Relevant Person) (i) make any representation or warranty, express or implied, as to, or assume
any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Company Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Company Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

(b) we or members of the Company Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach by you of the provisions of this letter.

If you become a party to the Finance Documents, the terms of paragraph (a) above are without prejudice to your right to enforce and enjoy any term of any Finance Document on and from the date on which you become a party to the Finance Documents.

7. No Waiver; Amendments, etc

This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter and supersedes any previous agreement, whether express or implied, regarding the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege under this letter. The terms of this letter and your obligations under this letter may be amended or modified only by written agreement between you and us.

8. Inside Information

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing or market misconduct and you undertake not to use any Confidential Information for any unlawful purpose.

9. Nature of Undertakings

The undertakings given by you in this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each member of the Company Group.

10. Third party rights

Subject to this paragraph 10 and to paragraphs 6 and 9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the Third Parties Act) to enforce or to enjoy the benefit of any term of this letter.
The Relevant Persons and each member of the Company Group may enjoy the benefit of the terms of paragraphs 6 and 9 subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.

Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Company Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) and all non-contractual obligations arising from or in connection with this letter shall be governed by and construed in accordance with the laws of England and the courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to any non-contractual obligation arising out of or in connection with this letter).

12. Definitions

In this letter (including the acknowledgement set out below):

**Company Group** means Alibaba Group Holding Limited and each of its Holding Companies and Subsidiaries and each Subsidiary of each of its Holding Companies.

**Confidential Information** means the Finance Documents, any information relating to an Obligor, the Company Group, the Finance Documents or the Facility (including without limitation the information package and any other information provided in relation to the Facility) provided to you by us or any of our affiliates or advisers, in whatever form, and:

(a) includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, but

(b) excludes information that:

(i) is or becomes public knowledge other than as a direct or indirect result of any breach by you of this letter, or

(ii) is known by you before the date the information is provided to you by us or any of our affiliates or advisers, or

(iii) is lawfully disclosed to you, other than from a source which is connected with the Company Group, after the date it is provided to you by us or any of our affiliates or advisers, and which, in the case of sub-paragraphs (b)(ii) and (b)(iii), as far as you are aware, has not been disclosed in violation of, and is not otherwise subject to, any obligation of confidentiality.

**Facility Agreement** means the Facility Agreement described in the heading of this letter.
**Finance Documents** means the documents defined in the Facility Agreement as Finance Documents.

**Finance Party** means the parties defined in the Facility Agreement as Finance Parties.

**Holding Company** means, in relation to any company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**Permitted Purpose** means considering and evaluating whether to enter into the Acquisition.

**Purchaser Group** means you, your head office and any other branch, each of your Holding Companies and Subsidiaries and each Subsidiary of each of your Holding Companies.

**Subsidiary** means, in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

..........................................
for and on behalf of
*[Existing Lender]*
To: *[Existing Lender]*

The Obligor(s) and each other member of the Company Group

We acknowledge and agree to the above:

..........................................
for and on behalf of
*[potential transferee / Participant]*
### Part A Original Lenders

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED**

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**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., HONG KONG BRANCH**

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**BNP PARIBAS, ACTING THROUGH ITS HONG KONG BRANCH**

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**CITIBANK N.A., HONG KONG BRANCH**

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**CREDIT SUISSE AG, SINGAPORE BRANCH**

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**DBS BANK LTD., HONG KONG BRANCH**

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**DEUTSCHE BANK AG, SINGAPORE BRANCH (A JOINT STOCK COMPANY WITH LIMITED LIABILITY INCORPORATED IN THE FEDERAL REPUBLIC OF GERMANY, ACTING THROUGH ITS SINGAPORE BRANCH)**

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**GOLDMAN SACHS BANK USA**

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**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

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**ING BANK N.V., SINGAPORE BRANCH**

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**JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH**

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<th>CORRESPONDENT BANK:</th>
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**MIZUHO BANK, LTD., HONG KONG BRANCH**

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**MORGAN STANLEY SENIOR FUNDING, INC.**

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Part B Restatement Effective Date Lenders

[ε]
Schedule 8
Form of Additional Commitment Notice

Additional Commitment Notice number: [1/2/3 …]

To: The Agent

From: The Company and the Accordion Lenders named herein

Dated: 

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This notice shall take effect as an Additional Commitment Notice for the purpose of the Facility Agreement. Unless otherwise defined herein, terms used in the Facility Agreement shall have the same meaning in this notice.

2. We refer to Clause 2.3 (Additional Commitments) of the Facility Agreement.

3. We have agreed with the following Accordion Lenders that they commit Additional Commitments as follows:

<table>
<thead>
<tr>
<th>Name of Accordion Lender</th>
<th>Existing Lenders (yes/no)</th>
<th>Additional Commitment (US$)</th>
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TOTAL:

4. The date on which the Additional Commitments referred to above are confirmed is [DATE].

5. By countersigning this notice:

(a) each Accordion Lender agrees to commit the Additional Commitments set out against its name in paragraph 3 above and assume all of the obligations corresponding to such Additional Commitments as a Lender under the Facility Agreement;

(b) each Accordion Lender which is not an existing Lender under the Facility Agreement expressly confirms and acknowledges the following:

(i) it is not an Industrial Competitor;
(ii) on and with effect from the date referred to in paragraph 4 above, it shall become party to the Facility Agreement and the other relevant Finance Documents as a Lender;

(iii) its Facility Office and address, fax number and attention details for notices for the purposes of Clause 28.2 (Addresses) of the Facility Agreement are set out in the Schedule to this notice; and

(iv) it is its own responsibility to ascertain whether any document is required or any formality or other condition is required to be satisfied to enable it to enjoy the full benefit of each Finance Document.

6. This notice may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this notice.

7. This notice and all non-contractual obligations arising from or in connection with this notice are governed by English law.

8. This notice has been entered into on the date stated at the beginning of this notice.

Yours faithfully

...........................................
authorised signatory for
Alibaba Group Holding Limited

Countersigned by

[NAME OF EACH ACCORDION LENDER]
THE SCHEDULE

[insert relevant details for each Accordion Lender which is not an existing Lender under the Facility Agreement]

[Facility office address, fax number and attention details for notices and account details for payments]

This notice is accepted as an Additional Commitment Notice for the purposes of the Facility Agreement by the Agent.

Agent

By:
Schedule 9
Form of Accession Letter

To: The Agent

From: [Subsidiary] and the Company

Dated: Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This is an Accession Letter. Terms defined in the Facility Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.

2. [Subsidiary] agrees to become an Additional Borrower and to be bound by the terms of the Facility Agreement as an Additional Borrower pursuant to Clause 22.2 (Additional Borrowers) of the Facility Agreement. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction].

3. The Company confirms that no Default is continuing or would occur as a result of [Subsidiary] becoming an Additional Borrower.

4. [Subsidiary's] administrative details are as follows:
   
   Address:
   
   Fax No:
   
   Attention:

5. This Accession Letter, and all non-contractual obligations arising out of or in connection with this Accession Letter, are governed by English law.

This Accession Letter is entered into by deed.

Alibaba Group Holding Limited [Subsidiary]
Schedule
Form of Resignation Letter

To: The Agent

From: [resigning Obligor] and the Company

Dated:

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Resignation Letter. Terms defined in the Facility Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.

2. Pursuant to Clause 22.3 (Resignation of an Obligor) of the Facility Agreement, we request that [resigning Obligor] be released from its obligations as an Obligor under the Facility Agreement.

3. We confirm that:
   (a) no Default is continuing or would result from the acceptance of this request; and
   (b) no payment is due from, and there are no outstanding Loans which are drawn by, the relevant Obligor.

4. This Resignation Letter, and all non-contractual obligations arising out of or in connection with this Resignation Letter, are governed by English law.

Alibaba Group Holding Limited [Subsidiary]
Rate Switch Notice (Term SOFR)

From: Alibaba Group Holding Limited

To: [Agent]

Dated: 

Alibaba Group Holding Limited – US$6,500,000,000 Facility Agreement dated 7 April 2017, as amended and restated by an amendment and restatement agreement dated 24 June 2021 and further amended and restated by an amendment and restatement agreement dated [●] 2023 (the Facility Agreement)

1. We refer to the Facility Agreement. This is a Rate Switch Notice (Term SOFR). Terms defined in the Facility Agreement shall have the same meaning in this notice.

2. We refer to Clause 8.6 (Rate switch) of the Facility Agreement. We notify you that the Rate Switch Date (Term SOFR) is [date].

3. This Rate Switch Notice (Term SOFR) and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

…………………………………

authorised signatory for
Alibaba Group Holding Limited
Schedule
Compounded Rate Terms

CURRENCY: USD.

Cost of funds as a fallback

Cost of funds will not apply as a fallback.

Definitions

Business Day Conventions: (a) If any period is expressed to accrue by reference to a Month or any number of Months then, in respect of the last Month of that period:

(i) subject to paragraph (iii) below, if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

(b) If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

Central Bank Rate (Compounded SOFR): means:

(a) the short-term interest rate target set by the US Federal Open Market Committee as published by the Federal Reserve Bank of New York from time to time; or

(b) if that target is not a single figure, the arithmetic mean of:

(i) the upper bound of the short-term interest rate target range set by the US Federal Open Market Committee and published by
the Federal Reserve Bank of New York; and

(ii) the lower bound of that target range.

**Central Bank Rate Adjustment (Compounded SOFR):**

In relation to the Central Bank Rate prevailing at close of business on any RFR Banking Day, the 20 per cent trimmed arithmetic mean (calculated by the Agent, or by any other Finance Party which agrees to do so in place of the Agent) of the Central Bank Rate Spread (Compounded SOFR) for the five most immediately preceding RFR Banking Days for which Overnight SOFR is available.

**Central Bank Rate Spread (Compounded SOFR):**

In relation to any RFR Banking Day, the difference (expressed as a percentage rate per annum) calculated by the Agent (or by any other Finance Party which agrees to do so in place of the Agent) between:

(a) Overnight SOFR for the RFR Banking Day; and

(b) the Central Bank Rate (Compounded SOFR) prevailing at the close of business on that RFR Banking Day.

**Daily Rate:**

The **Daily Rate** for any RFR Banking Day is:

(a) the RFR for that RFR Banking Day; or

(b) if the RFR is not available for that RFR Banking Day, the percentage rate per annum which is the aggregate of:

(i) the Central Bank Rate (Compounded SOFR) for that RFR Banking Day; and

(ii) the applicable Central Bank Rate Adjustment (Compounded SOFR); or

(c) if paragraph (b) above applies but the Central Bank Rate (Compounded SOFR) for that RFR Banking Day is not available, the percentage rate per annum which is the aggregate of:

(i) the most recent Central Bank Rate (Compounded SOFR) for a day which is no more than five RFR Banking Days before that RFR Banking Day; and

(ii) the applicable Central Bank Rate Adjustment (Compounded SOFR), rounded, in either case, to four decimal places and if, in either case, the aggregate of that rate and the applicable Credit Adjustment Spread is less than zero, the Daily Rate shall be deemed to be such a rate that the aggregate
of the Daily Rate and the applicable Credit Adjustment Spread is zero.

**Lookback Period:** Five RFR Banking Days.

**Relevant Market:** The market for overnight cash borrowing collateralised by US Government securities.

**RFR:** The secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

**RFR Banking Day:** Any day other than:

(a) a Saturday or Sunday; and

(b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

**Interest Periods**

*For any Compounded SOFR Loan, periods capable of selection as Interest Periods (paragraph (b) of Clause 9.1 (Selection of Interest Periods)):

1 Month*
Schedule 13

Daily Non-Cumulative Compounded RFR Rate

The **Daily Non-Cumulative Compounded RFR Rate** for any RFR Banking Day \( i \) during an Interest Period for a Compounded SOFR Loan is the percentage rate per annum (without rounding, to the extent reasonably practicable for the Finance Party performing the calculation, taking into account the capabilities of any software used for that purpose and except as otherwise provided below) calculated as set out below:

where:

- **UCCDR\( _i \)** means the Unannualised Cumulative Compounded Daily Rate for that RFR Banking Day \( i \);
- **UCCDR\( _{i-1} \)** means, in relation to that RFR Banking Day \( i \), the Unannualised Cumulative Compounded Daily Rate for the immediately preceding RFR Banking Day (if any) during that Interest Period;
- \( dcc \) means 360 or, in any case where market practice in the Relevant Market is to use a different number for quoting the number of days in a year, that number;
- \( n_i \) means the number of calendar days from, and including, that RFR Banking Day \( i \) up to, but excluding, the following RFR Banking Day; and
- the **Unannualised Cumulative Compounded Daily Rate** for any RFR Banking Day (the **Cumulated RFR Banking Day**) during that Interest Period is the result of the below calculation (without rounding, to the extent reasonably practicable for the Finance Party performing the calculation, taking into account the capabilities of any software used for that purpose):

where:

- **ACCDR** means the Annualised Cumulative Compounded Daily Rate for that Cumulated RFR Banking Day;
- \( t_{n_i} \) means the number of calendar days from, and including, the first day of the Cumulation Period to, but excluding, the RFR Banking Day which immediately follows the last day of the Cumulation Period;
- **Cumulation Period** means the period from, and including, the first RFR Banking Day of that Interest Period to, and including, that Cumulated RFR Banking Day;
- \( dcc \) has the meaning given to that term above; and
- the **Annualised Cumulative Compounded Daily Rate** for that Cumulated RFR Banking Day is the percentage rate per annum (rounded to four decimal places, with 0.00005 being rounded upwards) calculated as set out below:

where:

- \( d_0 \) means the number of RFR Banking Days in the Cumulation Period;
**Cumulation Period** has the meaning given to that term above;

\( i \) means a series of whole numbers from one to \( d_0 \), each representing the relevant RFR Banking Day in chronological order in the Cumulation Period;

**Daily Rate\(_{i-LP}\)** means, for any RFR Banking Day \( i \) in the Cumulation Period, the Daily Rate for the RFR Banking Day which is the applicable Lookback Period prior to that RFR Banking Day \( i \);

\( n_i \) means, for any RFR Banking Day \( i \) in the Cumulation Period, the number of calendar days from, and including, that RFR Banking Day \( i \) up to, but excluding, the following RFR Banking Day;

\( dcc \) has the meaning given to that term above; and

\( t_{ni} \) has the meaning given to that term above.
The Company

ALIBABA GROUP HOLDING LIMITED

By: /s/ Gloria Yuehong Qin
Name: Gloria Yuehong Qin
Title: Vice President, Corporate Finance
The Agent

CITICORP INTERNATIONAL LIMITED

By: /s/ Edmond Pang

Name: Edmond Pang

Title: Vice President
21 September 2022

HONG KONG CINGLEOT INVESTMENT MANAGEMENT LIMITED
as Company

ALIBABA GROUP HOLDING LIMITED
as Original Guarantor

ALIBABA GROUP SERVICES LIMITED
as New Guarantor

CITICORP INTERNATIONAL LIMITED
as Agent

AMENDMENT AND RESTATEMENT AGREEMENT
in respect of a HK$7,653,750,000 facility agreement
dated 17 May 2019
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THIS AMENDMENT AND RESTATEMENT AGREEMENT (this Agreement) is dated 21 September 2022 and made between:

(1) HONG KONG CINGLEOT INVESTMENT MANAGEMENT LIMITED (the Company);

(2) ALIBABA GROUP HOLDING LIMITED (the Original Guarantor);

(3) ALIBABA GROUP SERVICES LIMITED (the New Guarantor); and

(4) CITICORP INTERNATIONAL LIMITED as facility agent of the Finance Parties (other than itself) (the Agent).

WHEREAS:

(A) This Agreement is supplemental to and amends the facility agreement (the Original Facility Agreement) dated 17 May 2019 between, among others, the Company, the Original Guarantor and the Agent.

(B) The Agent is authorised and has been instructed to execute this Agreement on behalf of the Finance Parties pursuant to clause 33 (Amendments and waivers) of the Original Facility Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

Amended and Restated Facility Agreement means the Original Facility Agreement, as amended and restated by this Agreement.

Consent Request means the consent request dated 21 September 2022 delivered by the Company and the Original Guarantor to the Agent in connection with the amendments set out in this Agreement.

Effective Date means the later of (i) the date of this Agreement and (ii) the date on which the Agent has confirmed that it has received or waived all of the documents and other evidence listed in Schedule 1 (Conditions Precedent); and

Party means a party to this Agreement.

1.2 Save as defined in this Agreement, words and expressions defined in the Original Facility Agreement shall have the same meanings in this Agreement.

1.3 Paragraphs (a)(i) to (xiii) (inclusive) and (b) of clause 1.2 (Construction) and clauses 1.3 (Third Party rights), 1.4 (Intercreditor Agreement), 29 (Notices), 31 (Partial invalidity) and 32 (Remedies and waivers) of the Original Facility Agreement shall be deemed to be incorporated into this Agreement save that references in the Original Facility Agreement to “this Agreement” shall be construed as references to this Agreement, references in the Original Facility Agreement to “Parties” shall be construed as references to the Parties and cross references to specified clauses thereof are references to the equivalent clauses set out or incorporated herein.

1.4 This Agreement constitutes a Finance Document for the purposes of the Original Facility Agreement and the Amended and Restated Facility Agreement.
2. REPLACEMENT OF GUARANTOR AND AMENDMENT AND RESTATEMENT

2.1 With effect from the Effective Date, the Original Facility Agreement shall be amended and restated such that it shall be read and construed for all purposes as set out in Schedule 2 (Amended and Restated Facility Agreement) and all references therein to “this Agreement” shall be to the Original Facility Agreement as amended and restated by this Agreement.

2.2 With effect from the Effective Date:

(a) the Original Guarantor shall be irrevocably and unconditionally released from all of its guarantee obligations under clause 17 (Guarantee and Indemnity) of the Original Facility Agreement; and

(b) the New Guarantor is bound as a Guarantor pursuant to the terms of the Amended and Restated Facility Agreement and irrevocably and unconditionally guarantee to each Finance Party punctual performance by the Company of all the Company’s obligations under the Finance Documents and grant the guarantee and indemnity pursuant to clause 17 (Guarantee and Indemnity) of the Amended and Restated Facility Agreement.

3. AGREEMENT BY COMPANY AND NEW GUARANTOR

3.1 Each of the Company and the New Guarantor makes each of the representations and warranties with respect to itself set out in clause 18 (Representations) of the form of Amended and Restated Facility Agreement on the date of this Agreement and on the Effective Date by reference to the facts and circumstances then existing.

3.2 Each of the Company and the New Guarantor represents and warrants to each Finance Party (by reference to the facts and circumstances then existing) on the date of this Agreement and the Effective Date that no Default is continuing or might reasonably be expected to result from the entry into, the performance of, or any transaction contemplated by, this Agreement.

3.3 Each of the Company and the New Guarantor agrees and acknowledges that, save as amended and restated by this Agreement, each Finance Document shall continue in full force and effect.

4. EXPENSES

The Company shall reimburse the Agent for (or pay on its behalf) its reasonable costs and expenses (including legal fees) incurred in connection with the Consent Request and the amendments contemplated by this Agreement within five Business Days of demand.

5. MISCELLANEOUS

5.1 This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5.2 The provisions of the Original Facility Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

6. GOVERNING LAW

This Agreement is governed by the laws of Hong Kong.

7. ENFORCEMENT

7.1 The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute relating to the existence, validity or termination of this Agreement) (a Dispute).
7.2 The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

7.3 This Clause 7 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

This Agreement has been entered into on the date stated at the beginning of this Agreement.
SCHEDULE 1

CONDITIONS PRECEDENT

1. Company and New Guarantor

(a) A copy of the constitutional documents of each of the Company and the New Guarantor (comprising, its currently effective memorandum and articles of association, certificate of incorporation (and certificate(s) of incorporation on change of name, if any), register of members, register of directors and register of mortgages and charges).

(b) A copy of a resolution of the board of directors of each of the Company and the New Guarantor:
   (i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute this Agreement;
   (ii) authorising a specified person or persons to execute this Agreement on its behalf;
   (iii) if applicable, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with this Agreement; and
   (iv) in the case of the New Guarantor, resolving that it is in the best interests of the New Guarantor to enter into the transactions contemplated by the Finance Documents to which it is a party, giving reasons.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A copy of a resolution signed by all the holders of the issued shares in the New Guarantor, approving the terms of, and the transactions contemplated by, this Agreement and resolving that the New Guarantor executes this Agreement.

(e) A certificate from each of the Company and the New Guarantor (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.

(f) A certificate of an authorised signatory of each of the Company and the New Guarantor certifying that each copy document specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(g) A copy of the current business registration certificate of each of the Company and the New Guarantor.

2. Finance Document Copies of the following (duly executed and delivered by all parties thereto):

(a) this Agreement; and

(b) an amendment and restatement agreement in respect of the Intercreditor Agreement between the Company, the Original Guarantor, the New Guarantor, CNAC (as defined in the Intercreditor Agreement), the Agent and the CNAC Agent (as defined in the Intercreditor Agreement).
3. Legal opinions

A legal opinion as to Hong Kong law from White & Case in relation to this Agreement, addressed to the Agent and the Lenders in form and substance satisfactory to the Agent and the Lenders (acting reasonably).

4. Other documents and evidence

(a) Evidence that CNAC has consented or agreed to the amendments set out in or contemplated by this Agreement pursuant to the Intercreditor Agreement.
SCHEDULE 2

AMENDED AND RESTATED FACILITY AGREEMENT
Dated 17 May 2019
as Amended and Restated with effect from the Effective Date

**Facility Agreement**

relating to a HK$7,653,750,000 term loan facility

between

**Hong Kong Cingleot Investment Management Limited**
as Company

**Alibaba Group Services Limited**
as Guarantor

**Bank of China (Hong Kong) Limited**  
**Citigroup Global Markets Asia Limited**  
**DBS Bank (Hong Kong) Limited (incorporated with limited liability under the laws of Hong Kong)**  
**The Hongkong and Shanghai Banking Corporation Limited**  
**Mizuho Bank, Ltd. (incorporated in Japan with limited liability)**
as Mandated Lead Arrangers

**The Financial Institutions Listed in Schedule 1**
as Original Lenders

and

**Citicorp International Limited**
as Agent
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THIS AGREEMENT is 17 May 2019 as Amended and Restated with effect from the Effective Date and made between:

(1) HONG KONG CINGLEOT INVESTMENT MANAGEMENT LIMITED, a limited liability company incorporated under the laws of Hong Kong with company registration number 2714411 (the “Company”);

(2) ALIBABA GROUP SERVICES LIMITED, a limited liability company incorporated under the laws of Hong Kong with company registration number 1096359 (the “Guarantor”);

(3) BANK OF CHINA (HONG KONG) LIMITED; CITIGROUP GLOBAL MARKETS ASIA LIMITED; DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG); THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED and MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY) (whether acting individually or together, the “Mandated Lead Arrangers”);

(4) THE FINANCIAL INSTITUTIONS listed in Schedule 1 (The Original Lenders) as lenders (the “Original Lenders”); and

(5) CITICORP INTERNATIONAL LIMITED as agent of the Finance Parties (other than itself) (the “Agent”).

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

“Acceptable Bank” means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB- or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(b) any other bank or financial institution approved by the Agent (acting on the instructions of the Majority Lenders).

“Accounting Principles” means:

(a) in relation to the Company, the generally accepted accounting principles in Hong Kong; and

(b) in relation to the Guarantor, IFRS.

“Administrative Party” means each of the Agent and the Mandated Lead Arrangers.

“Affiliate” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“AGH” means Alibaba Group Holding Limited, a limited liability company incorporated under the laws of the Cayman Islands with company registration number 90722.
“Agreement for Sub-Lease” means the agreement for sub-lease dated 4 July 2018 between the Airport Authority as sub-lesser and the Company as tenant to design, finance, construct, manage and operate the Development and which sets out (among other things) the specifications and requirements of the Airport Authority regarding the Development. For the purpose of this Agreement, if the Sub-Lease is granted by the Airport Authority to the Company as tenant, any reference to “Agreement for Sub-Lease” in this Agreement shall be deemed to be a reference to both the Agreement for Sub-Lease and the Sub-Lease.

“Airport Authority” means the Airport Authority of Hong Kong, a statutory body established and operating pursuant to the Airport Authority Ordinance (Cap. 483 of the laws of Hong Kong).

“Amendment and Restatement Agreement” means the amendment and restatement agreement dated 21 September 2022 between, among others, the Company and the Agent.

“Amendment and Restatement Agreement (ICA)” means the amendment and restatement agreement dated 21 September 2022 between, among others, the Company the Agent and the agent under the CNAC Facility.

“APLMA” means the Asia Pacific Loan Market Association Limited.

“Authorisation” means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

“Availability Period” means the period from and including the date of this Agreement to and including the date falling 59 months after the date of this Agreement.

“Available Commitment” means a Lender’s Commitment minus:

(a) the aggregate amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Utilisation, the aggregate amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date.

“Available Facility” means the aggregate for the time being of each Lender’s Available Commitment.

“Bail-In Action” means the exercise of any Write-down and Conversion Powers.

“Bail-In Legislation” means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.
“Break Costs” means the amount (if any) by which:

(a) the interest (excluding the Margin) which a Lender should have received pursuant to the terms of this Agreement for the period from the date of receipt of all or any part of the principal amount of a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period; exceeds:

(b) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“Budget” means, on any date, an itemised budget relating to the Project which sets out:

(a) the costs and expenses incurred in connection with the Project for the three-month period ending on such date (with copies of all invoices, receipts, fee notes, debit notes or similar invoicing documents);

(b) the source of funds for payment of the costs and expenses incurred in connection with the Project for the three-month period ending on such date (including reconciliation of those costs to previous iterations in the previous Budget); and

(c) a forecast or estimate of costs and expenses to be incurred in connection with the Project for the six-month period commencing from that date, including, in each case, amendments or supplements that are notified to the Agent in accordance with paragraph (d) of Clause 19.5 (Information on the Project).

“Buildings Ordinance” means the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong).

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong.

“Cainiao” means Cainiao Smart Logistics Network Limited, a company incorporated in the Cayman Islands with limited liability with company number 300080.

“Capital Stock” of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

“CNAC Facility” means the up to HK$4,121,250,000 term loan facility made or to be made available under a facility agreement dated 17 May 2019 entered into between the Company as borrower, China National Aviation Corporation (Group) Limited as guarantor and the financial institutions named therein as amended, supplemented or restated from time to time in accordance with the Intercreditor Agreement.

“Commitment” means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading Commitment in Schedule 1 (The Original Lenders) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,
to the extent not cancelled, reduced or transferred by it under this Agreement.

“Competitors” means Amazon (including Joyo.com), Apple, Baidu, eBay (including PayPal), Facebook, Alphabet (including Google), Yahoo!, Microsoft, Tencent (including Tenpay), JD.com (formerly, 360Buy), Wal-Mart Stores, Inc., Yihaodian, Xiaomi, 58.com, Yahoo! JAPAN (including SoftBank Group and Softbank Vision Fund), Qihoo 360, Vipshop, Rakuten, PayPal, Ping An (including Lufax but excluding Ping An Bank), SEA Group, UnionPay, Uber, Go-Jek, NetEase and each of their controlled Affiliates.

“Confidentiality Undertaking” means a confidentiality undertaking substantially in a recommended form of the APLMA as set out in Schedule 5, (Form of Confidentiality Undertaking) or in any other form agreed between the Company and the Agent and in any event the benefit of which accrues to the Company as a third party beneficiary.

“Consolidated Affiliated Entity” of any person means any corporation, association or other entity which is or is required to be consolidated with such person under Accounting Standards Codification subtopic 810-10, Consolidation: Overall (including any changes, amendments or supplements thereto) or, if such person prepares its financial statements in accordance with accounting principles other than US GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, Consolidation: Overall under such accounting principles.

“Construction Contract” means the main contract(s) entered or to be entered into between the Company and a Construction Contractor providing for piling work, superstructure, substructure and civil engineering works connected with the Project, and for the construction of the Development (and where the context so admits, any substitute building contract or contracts entered into by the Company).

“Construction Contractor” means the main contractor(s) (who is independent from the Company, the Guarantor, China National Aviation Corporation (Group) Limited and Cainiao) appointed or to be appointed by the Company for the Project or any substitute main contractor (who is independent from the Company, the Guarantor, China National Aviation Corporation (Group) Limited and Cainiao) to be appointed by the Company for the Project.

“Controlled Entity” of any person means a Subsidiary or a Consolidated Affiliated Entity of such person.

“Default” means an Event of Default or any event or circumstance specified in Clause 21 (Events of Default) which would (with the expiry of a grace period, the giving of notice or the making of any determination (other than as to materiality) referred to in Clause 21 (Events of Default)) be an Event of Default.

“Defaulting Lender” means any Lender:

(a) which has failed to make its participation in a Loan available or has notified the Agent or the Company (which has notified the Agent) that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (Lenders’ participation);

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing, unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and,

payment is made within two Business Days of its due date; or
(ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“Design Consultant” means the design consultancy firm (which is an Authorised Person (as defined in the Buildings Ordinance) and is independent from the Company, the Guarantor, China National Aviation Corporation (Group) Limited and Cainiao) appointed or to be appointed by the Company for the Project or any substitute design consultancy firm (which has an Authorised Person (as defined in the Buildings Ordinance) and is independent from the Company, the Guarantor, China National Aviation Corporation (Group) Limited and Cainiao) to be appointed by the Company for the Project.

“Design Contract” means the design consultancy contract entered or to be entered into between the Company and the Design Consultant for the design of the Development arising out of or in connection with the Project.

“Development” means the buildings, erections and works which are to be designed, constructed and completed by the Company in, on, at or under the Property in accordance with the Agreement for Sub-Lease (including without limitation the foundations thereof and all fixtures, as may be extended, varied or modified from time to time).

“Development Consent” means any Authorisation required under any law or regulation in connection with the Project, including any rights granted or to be granted by the Airport Authority to the Company (or, if applicable, any Group Member or any Principal Controlled Entity) for the implementation of the Project.

“Development Right Document” means:

(a) the Agreement for Sub-Lease; or

(b) any Development Consent.

“Disruption Event” means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“Distributable Reserves” means, in relation to a Major Material Subsidiary incorporated in the PRC which is a WFOE, the retained earnings of such WFOE that may in accordance with any applicable PRC law and regulation and PRC GAAP be distributed to its shareholders outside of the PRC after taking into account all Taxes payable under PRC law and all statutory reserve requirements in the PRC.

“Dormant Subsidiary” means a Guarantor Group Member which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, any material assets (including, without limitation, indebtedness owed to it).
“EBITDA” means the consolidated income before income tax and share of net losses or gains of equity investees of the Group (including the results from any discontinued operations):

(a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any Group Member (calculated on a consolidated basis);

(b) not including any accrued interest owing to any Group Member;

(c) before taking into account any Exceptional Items;

(d) before taking into account any unrealised gains or losses on any derivative instrument or similar financial instrument (but excluding any derivative instrument which is accounted for on a hedge accounting basis);

(e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date to which the Original Financial Statements were made up;

(f) before taking into account the charge to profit represented by expensing of stock based compensation;

(g) after adding back any amount attributable to the amortisation, depreciation or impairment of assets of the Group Members; and

(h) after excluding any Excluded Earnings,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining income before income tax and share of net losses or gains of equity investees of the Group.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“Effective Date” has the meaning given to that term in the Amendment and Restatement Agreement.

“EU Bail-In Legislation Schedule” means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

“Event of Default” means any event or circumstance specified as such in Clause 21 (Events of Default).

“Exceptional Items” means any exceptional, one off, non-recurring or extraordinary items including those arising on:

(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;

(b) disposals, revaluations or impairment of non-current assets; and

(c) disposals of assets associated with discontinued operations.


“Excluded Earnings” means any earnings (whether positive or negative) of the Finance Companies and the Project Companies.
“Extended Loan” means a Loan or part of a Loan in respect of which the Company and the relevant Lender(s) have agreed to amend certain terms pursuant to an Extension Agreement.

“Extension Agreement” has the meaning given to that term in Clause 33.3 (Extension of Commitments).

“Extension Amendment Agreement” has the meaning given to that term in Clause 33.3 (Extension of Commitments).

“Facility” means the term loan facility made available under this Agreement as described in Clause 2.1 (The Facility).

“Facility Office” means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“Fee Letter” means any letter or letters referring to this Agreement or the Facility between one or more Administrative Parties and the Company setting out any of the fees referred to in Clause 11 (Fees).

“Final Repayment Date” means the date falling sixty (60) months after the date of this Agreement.

“Finance Company” means any Guarantor Group Member whose primary function is the provision of merchant, consumer or other credit finance and/or related credit services (including provision of guarantees), which has obtained a small loans lending or other lending, credit, guarantee or comparable licence from the relevant regulator.

“Finance Document” means this Agreement, any Fee Letter, the Intercreditor Agreement, the Amendment and Restatement Agreement, the Amendment and Restatement Agreement (ICA), any Utilisation Request, any Extension Amendment Agreement and any other document designated as such by the Company and the Agent (or by the Company and the Lenders, provided that the Agent receives notification of such designation).

“Finance Party” means the Agent, a Mandated Lead Arranger or a Lender.

“Governmental Agency” means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

“Group” means AGH and its Subsidiaries from time to time (and, for the avoidance of doubt, includes the Company)

“Group Member” means a member of the Group.

“Group Structure Chart” means the summary group structure chart in the agreed form.

“Guarantor Group” means the Guarantor and its Subsidiaries from time.

“Guarantor Group Member” means a member of the Guarantor Group.

“HIBOR” means, in relation to any Loan:

(a) the applicable Screen Rate;

(b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or
(c) if:

(i) no Screen Rate is available for HK Dollars; or

(ii) no Screen Rate is available for the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan, the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, 11.00 a.m. on the Quotation Day for HK Dollars and for a period comparable to the Interest Period of that Loan and, in the case of paragraphs (a) to (c) above, if any such rate is below zero, HIBOR will be deemed to be zero.

“HK Dollar” or “HKS” denotes the lawful currency of Hong Kong.

“Holding Company” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“Impaired Agent” means the Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “Defaulting Lender”; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within two Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“Indebtedness” means any and all obligations of a person for money borrowed which, in accordance with the Accounting Principles, would be reflected on the balance sheet of such person as a liability on the date as of which Indebtedness is to be determined.

“Indirect Tax” means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

“Industrial Competitor” means any person which is, or is an Affiliate of, a Competitor, or any person that is acting on behalf of or fronting for any such person, provided that a person will not be considered to be “fronting for” or “acting on behalf of” any such person if such person has confirmed in writing to the relevant
Finance Party with a copy to the Company that it is not fronting for or acting on behalf of a Competitor or an Affiliate of a Competitor.

“Insolvency Event” in relation to a Finance Party means that the Finance Party:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or

(j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Intellectual Property” means:

(a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
the benefit of all applications and rights to use such assets of each Guarantor Group Member (which may now or in the future subsist).

"Intercreditor Agreement" means the intercreditor agreement dated 17 May 2019 entered into between, among others, the Agent, the Lenders, the agent under the CNAC Facility and the lenders under the CNAC Facility (and with effect from the Effective Date, as amended and restated by the Amendment and Restatement Agreement (ICA) and as further amended and restated from time to time).

"Interest Period" means, in relation to a Loan, the period determined in accordance with Clause 9 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (Default interest).

"Interpolated Screen Rate" means, in relation to HIBOR for any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of 11.00 a.m. on the Quotation Day for the currency of that Loan.

"Lender" means:

(a) any Original Lender; and

(b) any bank or financial institution (or, with the prior written consent of the Company, other person) which has become a Party in accordance with Clause 22 (Changes to the Lenders),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

"Loan" means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

"Main Development Area" has the meaning ascribed to the term “Main Development Area” in the Agreement for Sub-Lease in the agreed form.

"Majority Lenders" means a Lender or Lenders whose Commitments aggregate more than 50% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50% of the Total Commitments immediately prior to the reduction).

"Major Material Subsidiary" means, at any time, a Guarantor Group Member which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing five per cent. (5%) or more of EBITDA, calculated on a consolidated basis, but excluding any Project Company, any Finance Company and any Dormant Subsidiary.

"Management" means any director of the Guarantor.

"Margin" means 0.92 per cent. per annum.

"Material Adverse Effect" means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or results of operations of the Group taken as a whole;
(b) the ability of any of the Obligors to perform its payment obligations under the Finance Documents taking into account any support that it may reasonably expect from any other Group Member; or

(c) the validity or enforceability of, or the rights or remedies of any Finance Party under, any of the Finance Documents other than to the extent not materially adverse to the interests of the Finance Parties under the Finance Documents.

“Money Laundering” means:

(a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any Person who is involved in the commission of the crime to evade the legal consequences of its actions;

(b) the concealment or disguise of the true nature, source, location, disposition, movement, right with respect to, or ownership of, property knowing that it is derived from a criminal offence; or

(c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will apply only to the last Month of any period.

“New Lender” has the meaning given to that term in Clause 22 (Changes to the Lenders).

“Non-recourse Obligation” means Indebtedness or other obligations substantially related to:

(a) the acquisition of assets not previously owned by an Obligor or any of its Controlled Entities; or

(b) the financing of a project involving the purchase, development, improvement or expansion of properties of an Obligor or any of its Controlled Entities,

as to which the obligee with respect to such Indebtedness or obligation has no recourse to any Obligor or any of its Controlled Entities or to any Obligor’s or any such Obligor’s assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

“Obligors” means the Company and the Guarantor and “Obligor” means each one of them.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Officer” means:

(a) in relation to the Company, any director of the Company; and
(b) in relation to the Guarantor, any director of the Guarantor.

“Officer’s Certificate” means a certificate signed by an Officer of the relevant Obligor.

“Original Financial Statements” means the audited consolidated financial statements of the Group for the financial year ended 31 March 2018.

“Participant” means each person to whom a Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents by way of a Participation Agreement.

“Participation Agreement” means each agreement or letter (including, without limitation, a fee letter) between a Lender and a Participant under which the Lender has transferred all or any of its obligations, economic interest or other interest under the Finance Documents, directly or indirectly, whether by sub-participation, credit derivative (including a credit default swap or credit linked note), total return swap or in any other way but excluding any transfer or novation of any of a Lender’s Commitments and/or rights and/or obligations in accordance with Clause 22.1 (Transfers by the Lenders).

“Party” means a party to this Agreement.

“PRC” means the People’s Republic of China, excluding for these purposes Hong Kong, the Macau Special Administrative Region and Taiwan.

“PRC GAAP” means generally accepted accounting principles of the PRC.

“Practical Completion” means the state of completion of the Main Development Area of the Development in accordance with the specifications and requirements of the Agreement for Sub-Lease, as evidenced by the issue of an occupation permit by the Building Authority pursuant to the Buildings Ordinance and the issue of the certificate of completion by the Airport Authority in respect of the Main Development Area.

“Preferred Shares” applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

“Principal Controlled Entities” means any one of the Guarantor’s Controlled Entities:

(a) as to which one or more of the following conditions is/are satisfied:

(i) its total revenue or (in the case of one of the Guarantor’s Controlled Entities which has one or more Controlled Entities) consolidated total revenue attributable to the Group is at least 5% of the consolidated total revenue of the Group;

(ii) its net profit or (in the case of one of the Guarantor’s Controlled Entities which has one or more Controlled Entities) consolidated net profit attributable to the Group (in each case before taxation and exceptional items) is at least 5% of the consolidated net profit (before taxation and exceptional items) of the Group; or

(iii) its net assets or (in the case of one of the Guarantor’s Controlled Entities which has one or more Controlled Entities) consolidated net assets attributable to the Group (after deducting minority interests in Subsidiaries) are at least 10% of its consolidated net assets of the Group (after deducting minority interests in Subsidiaries of the Guarantor),

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Controlled Entity of the Guarantor and the then latest audited consolidated financial statements of the Guarantor;
provided that, in relation to paragraphs (i), (ii) and (iii) above:

(1) for the purpose of this definition only, “**Group**” means AGH and its Controlled Entities; and

(2)

(I) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial period to which AGH’s latest consolidated audited accounts relate, the reference to the then latest consolidated audited accounts of AGH and the Controlled Entities for the purposes of the calculation above shall, until AGH’s consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of AGH and the Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity which itself has Controlled Entities) of such Controlled Entity in such accounts;

(II) if at any relevant time in relation to AGH or any Controlled Entity which itself has Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of AGH and/or any such Controlled Entity shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of AGH;

(III) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared for this purpose by or on behalf of AGH; and

(IV) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (I) above) are not consolidated with AGH’s accounts, then the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with AGH’s consolidated accounts (determined on the basis of the foregoing); or

(b) that Principal Controlled Entity merges with or into, or to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (a) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

“**Prohibited Transferee**” means, in respect of any transfer or sub-participation:

(a) an Industrial Competitor; or

(b) any person which is not a bank or financial institution and which has not been specifically approved in writing by the Company.

“**Project**” means the design, construction, management, operation and maintenance of the Development.
“Project Company” means any Guarantor Group Member which is (i) established or acquired after the date of this Agreement; (ii) capitalised with equity funded by equity or shareholder loans from, or on behalf of, AGH or one of its Subsidiaries; and (iii) established or acquired to develop a specific asset or project.

“Project Costs” means any cost or expenses in respect of the Project as specified in the Budget(s).

“Project Development Document” means any contract or agreement entered or to be entered into between the Company or a member of the Group and a Project Development Party in relation to the Project (including, for the avoidance of doubt, any Construction Contract and Design Contract).

“Project Development Party” means:
(a) any Construction Contractor;
(b) the Design Consultant;
(c) any architect, engineer, surveyor or consultant appointed by the Company in respect of the Project if the fees payable under the relevant Project Development Document is reasonably expected to exceed HK$5,000,000 per year; or
(d) any other person designated as such by the Agent and the Company.

“Project Development Plan” means the strategy, plan and blueprint for the Project including any key milestone dates under the Project Development Documents and the estimated date of Practical Completion.

“Property” means L933, Kwo Lo Wan in Chek Lap Kok Lot No. 1 RP & Extension of the Hong Kong International Airport, as more particularly described in the definition of “Site” in the Agreement for Sub-Lease.

“Property Insurances” means any contract of insurance required under Clause 20.9 (Property Insurances).

“Quotation Day” means:
(a) in relation to any period for which an interest rate is to be determined the first day of that period, unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days); and
(b) in relation to any Interest Period the duration of which is selected by the Agent pursuant to Clause 8.3 (Default interest), such date as may be determined by the Agent (acting reasonably).

“Reference Bank Rate” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the Relevant Interbank Market, in HK Dollars and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in HK Dollars and for that period.

“Reference Banks” means, subject to Clause 25.19 (Reference Banks), the principal Hong Kong offices of any banks as may be appointed by the Agent with the consent of the Company (such consent not to be unreasonably withheld).

“Relevant Indebtedness” means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, or other securities which for the time being are, or are intended to be or are
commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities
market, but shall exclude any bank debt, bank loans or securitisations.

“Relevant Interbank Market” means the Hong Kong interbank market.

“Relevant Jurisdiction” means, in relation to an Obligor:

(a) its jurisdiction of incorporation; and

(b) any jurisdiction where it conducts a material part of its business.

“Resolution Authority” means any body which has authority to exercise any Writedown and Conversion
Powers.

“Repeating Representations” means each of the representations set out in Clauses 18.1 (Status) to 18.6
(Governing law and enforcement), Clause 18.9 (No default), Clause 18.10 (No misleading information),
paragraphs (a) and (b) of Clause 18.11 (Financial statements), Clause 18.19 (Good title to assets), paragraph
(b) of Clause 18.20 (Bribery, Anti-corruption) and paragraph (b) of Clause 18.22 (Money Laundering).

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or
custodian.

“Sanctions” means any sanctions, restrictions or embargoes imposed or enforced by the United Nations, the
European Union, the State Secretariat for Economic Affairs of Switzerland, OFAC, the State Department of
the United States, HM Treasury of the United Kingdom, the Hong Kong Monetary Authority, the Monetary
Authority of Singapore and the Department of Foreign Affairs and Trade of Australia and any other sanctions
administered by any governmental entity which is notified to an Obligor by the Agent in accordance with
Clause 20.4 (Sanctions).

“Screen Rate” means the Hong Kong interbank offered rate for HK Dollars for the relevant period displayed
on page HKABHIBOR of the Thomson Reuters screen (or any replacement Thomson Reuters page which
displays that rate) or on the appropriate page of such other information service which publishes that rate from
time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may
specify another page or service displaying the relevant rate after consultation with the Company.

“SEC” means the United States Securities and Exchange Commission, as constituted from time to time.

“Security” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any
person.

“Selection Notice” means a notice substantially in the form set out in Part 2 of Schedule 3 (Requests) given
in accordance with Clause 9 (Interest Periods).

“Separate Loans” has the meaning given to such term in Clause 6.2 (Repayment).

“Sub-Lease” means the sub-lease of the Property and the Development to be granted by the Airport Authority
as sub-lessor to the Company as tenant under the terms of the Agreement for Sub-Lease.

“Subsidiary” of any person means:

(a) any corporation, association or other business entity (other than a partnership, joint venture, limited
liability company or similar entity) of which more than 50% of the total ordinary voting power of
shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the
election of directors, managers or trustees thereof (or persons performing similar functions); or
(b) any partnership, joint venture, limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable,

is, in the case of (a) and (b), voting at the time owned or controlled, directly or indirectly, by (1) such person; (2) such person and one or more Subsidiaries of such person; or (3) one or more Subsidiaries of such person.

For the avoidance of doubt, references to a Subsidiary or Subsidiaries exclude any Finance Company or Project Company whose financial results are not consolidated with those of the Guarantor or AGH (as the case may be) in accordance with the Accounting Principles.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure by an Obligor to pay or any delay by an Obligor in paying any of the same).

“Tax Deduction” has the meaning given to such term in Clause 12.1 (Tax definitions).

“Total Commitments” means the aggregate of the Commitments (being HK$7,653,750,000 at the date of this Agreement).

“Transfer Certificate” means a certificate substantially in the form set out in Schedule 4 (Form of Transfer Certificate) or any other form agreed between the Agent and the Company.

“Transfer Date” means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Transfer Certificate; and

(b) the date on which the Agent executes the relevant Transfer Certificate.

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“US Dollar” or “USS” denotes the lawful currency of the United States of America.

“US GAAP” means generally accepted accounting principles in the United States of America.

“Utilisation” means a utilisation of the Facility.

“Utilisation Date” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“Utilisation Request” means a notice substantially in the form set out in Part 1 of Schedule 3 (Requests).

“WFOE” means a wholly foreign owned enterprise incorporated in the PRC.

“Write-down and Conversion Powers” means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or
any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) any “Administrative Party”, the “Agent”, my “Mandated Lead Arranger”, my “Finance Party”, my “Lender”, my “Obligor”, any “Project Development Party” or my “Party” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) a document in “agreed form” is a document which is in the form previously agreed in writing by or on behalf of the Company and the Mandated Lead Arrangers prior to the date hereof or, on behalf of the Company and the Agent (acting on the instructions of the Majority Lenders);

(iii) “assets” includes present and future properties, revenues and rights of every description;

(iv) a “Finance Document” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(v) “including” shall be construed as “including without limitation” (and cognate expressions shall be construed similarly);

(vi) “indebtedness” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(vii) a Lender’s “participation” in a Loan or Unpaid Sum includes an amount representing the fraction or portion (attributable to such Lender by virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and the Lender’s rights under this Agreement in respect thereof;

(viii) a “person” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

(ix) a “regulation” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law, but if not having the force of law, which is generally complied with by those to whom it is addressed) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(x) any notation after the name of a Group Member refers to the number for that Group Member as specified in the Group Structure Chart;

(xi) a provision of law is a reference to that provision as amended or reenacted;

(xii) a time of day is a reference to Hong Kong time;
(xiii) “calculated on a consolidated basis” is a reference to any calculation or determination with reference to the then relevant latest consolidated financial statements of the Group or the Guarantor Group (as the case may be); and

(xiv) the “date of this Agreement” means May 2019.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default or an Event of Default is “continuing” if it has not been remedied or waived.

(e) No person shall incur any personal liability whatsoever in connection with the issuance of a certificate, on behalf of an Obligor, pursuant to the terms of a Finance Document.

1.3 Third party rights

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong) (the “Third Parties Ordinance”) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any third person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any person described in paragraph (b) of Clause 25.10 (Exclusion of liability) may, subject to this Clause 1.3 and the Third Parties Ordinance, rely on any Clause of this Agreement which expressly confers rights on it.

1.4 Intercreditor Agreement

This Agreement is subject to the terms of the Intercreditor Agreement.

2. The Facility

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Company a HK Dollar term loan facility in an aggregate amount equal to the Total Commitments.

2.2 Finance Parties’ rights and obligations

(a) The obligations of the Finance Parties under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of the Finance Parties under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by an Obligor which relates to a Finance
Party’s participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.

(c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

3. Purpose

3.1 Purpose

The Company shall apply all amounts borrowed by it under the Facility towards:

(a) financing the Project Costs in respect of the Project; and

(b) payment of any fees, costs and expenses in connection with the Facility or the Finance Documents.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. Conditions of Utilisation

4.1 Initial conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) in relation to any Utilisation if on or before the date of the initial Utilisation Request the Agent has received all of the documents and other evidence listed in Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent (acting reasonably), and the Agent shall notify the Company and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders’ participation) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the proposed Loan and none of the circumstances described in Clause 7.4 (Mandatory Prepayment - Change of Control) and Clause 7.5 (Mandatory Prepayment - Development Right Early Termination Event) has occurred; and

(b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Loans

(a) The Company may not deliver a Utilisation Request if as a result of the proposed Utilisation more than 13 Loans would be outstanding (or such greater number of Loans as may be agreed by the Agent in its sole discretion).

(b) The Company may not request that a Loan be divided.

(c) No Separate Loan or Extended Loan shall be taken into account in this Clause 4.3.

5. Utilisation

5.1 Delivery of a Utilisation Request
The Company may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than 11.00 a.m. three (3) Business Days prior to the proposed Utilisation Date or by such date as the Agent (acting on the instructions of all the Lenders) may agree with the Company.

5.2 Completion of a Utilisation Request

(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period;

(ii) the proposed Interest Period complies with Clause 9 (Interest Periods); and

(iii) it is accompanied by evidence of the purpose of the Loan.

(b) In relation to each Utilisation Request, evidence of the purpose of the Loan will comprise:

(i) a copy of the then current Budget; and

(ii) an Officer’s Certificate from the Company (in form and substance satisfactory to the Agent) confirming that:

(A) such Budget is correct, complete and in full force and effect as at the date of that Utilisation Request; and

(B) the cost or expenses to be financed or refinanced by the proposed Loan is included in that Budget and has not been funded through a prior Utilisation.

(c) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be HK Dollars.

(b) The amount of the proposed Loan must be a minimum of HK$100,000,000, or, if less, the Available Facility.

5.4 Lenders’ participation

(a) If the conditions set out in Clause 4 (Conditions of Utilisation) and Clauses 5.1 (Delivery of a Utilisation Request) to 5.3 (Currency and amount) above have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender of the amount of each Loan and the amount of its participation in that Loan and if different, the amount of that participation to be made available in accordance with Clause 27.1 (Payments to the Agent), in each case by no later than 11.00 a.m. two (2) Business Days prior to the proposed Utilisation Date.

5.5 Cancellation of Available Facility

The Available Commitments which, at that time, are unutilised shall be immediately cancelled at 5.00 p.m. on the last day of the Availability Period.
6. Repayment

6.1 Subject to Clause 6.2 below, the Company shall repay each Loan on the Final Repayment Date.

6.2 At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Defaulting Lender in the Loans then outstanding will be automatically extended to the Final Repayment Date and will be treated as separate Loans (the “Separate Loans”).

6.3 The Company may prepay a Separate Loan in accordance with paragraph (h) of Clause 7.7 (Right of prepayment and cancellation in relation to a single Lender). The Agent will forward a copy of a prepayment notice received in accordance with paragraph (h) of Clause 7.7 (Right of prepayment and cancellation in relation to a single Lender) to the Defaulting Lender concerned as soon as practicable on receipt.

6.4 Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Company by the time and date specified by the Agent (acting reasonably) and will be payable by the Company to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Loan.

6.5 The terms of this Agreement relating to Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with Clauses 6.2 to 6.4 above, in which case those paragraphs shall prevail in respect of any Separate Loan.

7. Prepayment and Cancellation

7.1 Illegality

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Company, the Commitment of that Lender will be immediately cancelled; and

(c) the Company shall repay that Lender’s participation in the Loans made to the Company on the last day of the Interest Period for each Loan occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Voluntary cancellation

The Company may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, reduce the Available Facility to zero or by such amount (being a minimum amount of HK$50,000,000) as the Company may specify in such notice. Any such reduction under this Clause 7.2 shall reduce the Commitments of the Lenders rateably.

7.3 Voluntary Prepayment

The Company may, if it gives the Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Loan (but if in part, being an amount that reduces the Loan by a minimum amount of HK$50,000,000) together with any applicable Break Costs.

7.4 Mandatory Prepayment - Change of Control

(a) In this Clause 7.4, a “Change of Control” occurs if:
(i) AGH ceases to legally and beneficially own (directly or indirectly) at least 50.1 per cent. of the entire issued capital of the Company; or

(ii) AGH ceases to control (directly or indirectly) the Company; and

“control” an entity means the power to direct or cause the direction of the board of directors and policies of the Company, whether by contract or otherwise.

(b) If a Change of Control occurs:

(i) the Company shall promptly notify the Agent upon becoming aware of that event;

(ii) a Lender shall not be obliged to fund a Utilisation; and

(iii) if a Lender so requires and notifies the Agent within 30 days’ notice to the Company, cancel the Commitment of that Lender and declare the participation of that Lender in all outstanding Loans, together with accrued interest, applicable Break Costs and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Commitment of that Lender will be cancelled and all such outstanding Loans and amounts will become immediately due and payable.

7.5 Mandatory Prepayment - Development Right Early Termination Event

(a) In this Clause 7.5, a “Development Right Early Termination Event” occurs if:

(i) the Agreement for Sub-Lease is terminated or the obligations expressed to be assumed by any party to the Agreement for Sub-Lease are not or cease to be legal, valid, binding or enforceable;

(ii) a Development Right Document (other than the Agreement for Sub-Lease) is terminated prior to its original scheduled termination date (howsoever described); or

(iii) the obligations expressed to be assumed by any party to a Development Right Document (other than the Agreement for Sub-Lease) are not or cease to be legal, valid, binding or enforceable,

provided that in respect of paragraphs (a)(ii) or (a)(iii) above, a Development Right Early Termination Event occurs only if such termination or cessation has, or could reasonably be expected to have, a material and adverse effect on the ability of the Company to (1) carry out the Project in accordance with the terms of the Agreement for Sub-Lease or (2) meet its obligations and liabilities under this Agreement.

(b) If a Development Right Early Termination Event occurs:

(i) the Company shall promptly notify the Agent upon becoming aware of that event;

(ii) a Lender shall not be obliged to fund a Utilisation;

(iii) in respect of a Development Right Early Termination Event contemplated under paragraph (a)(i) above, if the Majority Lenders so require, the Agent may, by notice to the Company, cancel the Total Commitments, whereupon the Total Commitments will be immediately cancelled and the Company shall prepay all outstanding Loans, together with accrued interest, applicable Break Costs and all other amounts accrued under the Finance Documents within 60 days from the date of the Agent’s notice; and
(iv) in respect of a Development Right Early Termination Event contemplated under paragraph (a)(ii) or (a)(iii) above, if in the opinion of the Lenders, such termination or cessation is either incapable of remedy or, if capable of remedy, is not remedied within 60 days of the date of termination or cessation (or such later date as the Agent (acting on the instructions of the Majority Lenders) may agree with the Company) then, if the Majority Lenders so require, the Agent may, by notice to the Company, cancel the Total Commitments, whereupon the Total Commitments will be immediately cancelled and the Company shall prepay all outstanding Loans, together with accrued interest, applicable Break Costs and all other amounts accrued under the Finance Documents within 60 days from the date of the Agent’s notice.

7.6 Mandatory Prepayment - Insurance Prepayment Proceeds and Warranty Claim Proceeds

(a) In this Clause 7.6:

(i) “Excluded Insurance Proceeds” means any proceeds of Property Insurances received or recovered by or paid to the order of the Company, any Guarantor Group Member and/or Principal Controlled Entity, to the extent that:

(A) such proceeds are applied or required under the Agreement for Sub-Lease or any Project Development Document to be applied towards:

(1) replacing, restoring or reinstating the Property; or

(2) satisfying liabilities of the Company, any Guarantor Group Member or Principal Controlled Entity towards any third party (which is not an Obligor, a Guarantor Group Member, a Principal Controlled Entity or any of its Affiliates) in respect of which such insurance claim was made (including liabilities under any public liability insurance);

and in each case are actually so applied as soon as practicable; or

(B) the amount of such proceeds, when aggregated with the aggregate amount of other proceeds of any and all Property Insurances (excluding any such proceeds failing within paragraph (A) above) does not exceed US$1,000,000 (or its equivalent in another currency or currencies);

(ii) “Insurance Prepayment Proceeds” means the proceeds of any Property Insurances received or recovered by or paid to the order of the Company, any Guarantor Group Member and/or Principal Controlled Entity except for Excluded Insurance Proceeds and after deducting any reasonable expenses in relation to that claim which are incurred by the Company, any Guarantor Group Member or Principal Controlled Entity to persons who are not the Company, Guarantor Group Members or Principal Controlled Entities; and

(iii) “Warranty Claim Proceeds” means the proceeds of any amount received or recovered by or paid to the order of the Company, any Guarantor Group Member or Principal Controlled Entity from a Project Development Party in respect of a warranty or indemnity claim settled with that Project Development Party in accordance with the terms of the relevant Project Development Document(s) after deducting any reasonable expenses in relation to that claim which are incurred by the Company, any Guarantor Group Member or Principal Controlled Entity to any third party (which is not an Obligor, a Guarantor Group Member, a Principal Controlled Entity or any of its Affiliates), to the extent such proceeds are not applied or required under the Agreement for Sub-Lease or any Project Development Document to be applied towards replacing, restoring or reinstating the Property or reinvestment into the Project within 60 days after the receipt or recovery of such proceeds
by (or paid of such proceeds to the order of) the Company, the relevant Guarantor Group Member or Principal Controlled Entity (as the case may be).

(b) The Company shall prepay the Loan in an amount equal to the Insurance Prepayment Proceeds or Warranty Claim Proceeds (as the case may be) promptly, and in any event within five (5) Business Days, upon receipt of such relevant proceeds by the Company, the relevant Guarantor Group Member or Principal Controlled Entity (as the case may be).

7.7 Right of prepayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (a) of Clause 12.2 (Tax gross-up); or

(ii) any Lender claims indemnification from the Company under Clause 12.3 (Tax indemnity) or Clause 13.1 (Increased costs); or

(iii) the rate notified by a Lender in relation to a particular Interest Period under sub-paragraph (a)(ii) of Clause 10.2 (Market disruption) is higher than the lowest rate notified by a Lender under that sub-paragraph,

the Company may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and/or its intention to procure the prepayment of that Lender’s participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Company has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Company in that notice), the Company shall prepay that Lender’s participation in the relevant Loan.

(d) The Company may, in the circumstances set out in paragraph (a) above, on five Business Days’ prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 22 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 22 (Changes to the Lenders) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:

(i) the Company shall have no right to replace the Agent;

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and
(iv) no Lender shall be obliged to execute a Transfer Certificate unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such replacement Lender.

(f) A Lender shall perform the procedures described in paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Company when it is satisfied that it has completed those checks.

(g) (i) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent two Business Days’ notice of cancellation of each Available Commitment of that Lender.

(ii) On the notice referred to in paragraph (g)(i) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

(iii) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (g)(i) above, notify all the Lenders.

(h) (i) The Company may, at any time, give the Agent two Business Days’ notice of prepayment of any Separate Loan and cancellation of the Commitment of a Defaulting Lender in respect of that Separate Loan.

(ii) On the notice referred to in paragraph (h)(i) above becoming effective, the Commitment of the Defaulting Lender in respect of that Separate Loan shall immediately be reduced to zero and the Company shall prepay that Defaulting Lender’s participation in such Separate Loan (together with any applicable Break Costs).

(iii) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (h)(i) above, notify all the Lenders.

7.8 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is repaid or prepaid may not be reborrowed.

(d) The Company shall not repay or prepay all or any part of the Loans or reduce all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of any Commitment that is reduced in accordance with this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Company or the affected Lender, as appropriate.

(g) If all or part of a Loan is repaid or prepaid and is not available for redrawing, an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph (g) (save
in connection with any repayment or, as the case may be, prepayment under paragraph (c) of Clause 7.1 (Illegality) or paragraph (c), (g) or (h) of Clause 7.7 (Right of prepayment and cancellation in relation to a single Lender)) shall reduce the Commitments of the Lenders rateably.

8. Interest

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the:

(a) Margin; and

(b) applicable HIBOR.

8.2 Payment of interest

The Company shall pay accrued interest on each Loan on the last day of each Interest Period relating to that Loan (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).

8.3 Default interest

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date to the date of actual payment (both before and after judgment) at a rate which is, subject to paragraph (b) below, two per cent. (2%) higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligor on demand by the Agent.

(b) If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(ii) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be two per cent. (2%) higher than the rate which would have applied if the Unpaid Sum had not become due.

(c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

8.4 Notification of rates of interest

The Agent shall promptly notify the relevant Lenders and the Company of the determination of a rate of interest under this Agreement.

9. Interest Periods

9.1 Selection of Interest Periods
(a) The Company shall select the Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan has already been borrowed) in a Selection Notice.

(b) Each Selection Notice for a Loan is irrevocable and must be delivered to the Agent by the Company no later than 11:00 a.m. three (3) Business Days prior to the first day of the relevant Interest Period.

(c) If the Company fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be one Month.

(d) Subject to this Clause 9, the Company may select the Interest Period for a Loan of 1, 2, 3 or 6 Months or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders in relation to the relevant Loan).

(e) An Interest Period for a Loan shall not, subject to Clause 33.3 (Extension of Commitments), extend beyond the Final Repayment Date.

(f) The Interest Period for a Loan shall start on the Utilisation Date of that Loan or (if already made) on the last day of its preceding Interest Period.

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10. Changes to the Calculation of Interest

10.1 Absence of quotations

Subject to Clause 10.2 (Market disruption), if HIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by noon (local time) on the Quotation Day, the applicable HIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.2 Market disruption

(a) Subject to any alternative basis agreed and consented to as contemplated by paragraphs (a) and (b) of Clause 10.3 (Alternative basis of interest or funding), if a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender’s participation in that Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the percentage rate per annum notified to the Agent by that Lender, as soon as practicable and in any event not later than five Business Days before interest is due to be paid in respect of that Interest Period, as the cost to that Lender of funding its participation in that Loan from whatever source(s) it may reasonably select.

(b) In relation to a Market Disruption Event under paragraph (c)(ii) below, if the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above shall be less than HIBOR or if a Lender shall fail to notify the Agent of any such percentage rate per annum, the cost to that Lender of funding its participation in the relevant Loan for the relevant Interest Period shall be deemed, for the purposes of paragraph (a) above, to be HIBOR.
In this Agreement “Market Disruption Event” means:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available, it is not possible to calculate the Interpolated Screen Rate and none or only one of the Reference Banks supplies a rate to the Agent to determine HIBOR for HK Dollars for the relevant Interest Period; or

(ii) at 5.00 p.m. on the Business Day immediately following the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in the relevant Loan exceed 50 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of HIBOR.

If a Market Disruption Event shall occur, the Agent shall promptly notify the Lenders and the Company thereof.

10.3 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.

(c) For the avoidance of doubt, in the event that no substitute basis is agreed at the end of the thirty day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement.

10.4 Break Costs

(a) The Company shall, within five (5) Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by an Obligor on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(b) Each Lender shall, together with its demand, provide a certificate confirming the amount and the basis of calculation of its Break Costs for any Interest Period in which they accrete.

11. Fees

11.1 Commitment fee

(a) The Company shall pay to the Agent (for the account of each Lender) a fee in HK Dollars computed and accruing on a daily basis with effect from (but excluding) the date falling 45 days after the date of this Agreement (the “Commitment Fee Commencement Date”) at 0.20 per cent. per annum on that Lender’s Available Commitment for the Availability Period at close of business on each day of the Availability Period falling after the Commitment Fee Commencement Date (or, if any such day shall not be a Business Day, at such close of business on the immediately preceding Business Day).

(b) The accrued commitment fee is payable (but without double counting):

(i) on the last day of each successive period of three Months which ends during the Availability Period commencing with the period of three Months starting on the Commitment Fee Commencement Date;
(ii) on the last day of the Availability Period; and

(iii) if a Lender’s Commitment is reduced to zero before the last day of the Availability Period,
on the day on which such reduction to zero becomes effective.

(c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

11.2 Upfront fee

The Company shall pay to each Mandated Lead Arranger an upfront fee in the amount and at the times agreed in a Fee Letter.

11.3 Agency fee

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

12. Tax Gross Up and Indemnities

12.1 Tax definitions

(a) In this Clause 12:

“FATCA” means:

(i) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

(ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i) above; or

(iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (i) or (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“Tax Credit” means a credit against, relief or remission for, or repayment of any Tax.

“Tax Deduction” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“Tax Payment” means an increased payment made by an Obligor to a Finance Party under Clause 12.2 (Tax gross-up) or a payment under Clause 12.3 (Tax indemnity).

(b) Unless a contrary indication appears, in this Clause 12 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination acting in good faith.

12.2 Tax gross-up

(a) All payments to be made by an Obligor to any Finance Party under the Finance Documents shall be made free and clear of and without any Tax Deduction unless such Obligor is required to make a
Tax Deduction, in which case the sum payable by such Obligor (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.

(b) The Company shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company and that Obligor.

(c) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(d) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) Without prejudice to Clause 12.2 (Tax gross-up), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Company shall, within five (5) Business Days of demand of the Agent, promptly indemnify the Finance Party which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 12.3 shall not apply:

(i) to the extent a loss, liability or cost relates to a FATCA Deduction required to be made by a Party;

(ii) to any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated; or

(iii) to any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which its Facility Office is located.

(b) A Finance Party intending to make a claim under paragraph (a) shall notify the Agent of the event giving rise to the claim, whereupon the Agent shall notify the Company thereof.

(c) A Finance Party shall, on receiving a payment from an Obligor under this Clause 12.3, notify the Agent.
Paragraph (a) shall not apply to the extent any Tax is not notified to the Agent by the relevant Finance Party within three (3) Months of the relevant Finance Party becoming aware of the relevant Tax.

12.4 Tax credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in no better and no worse position in respect of its worldwide tax liabilities than it would have been in had the Obligor not been required to make the Tax Payment.

12.5 Stamp taxes

The Company shall:

(a) pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document, and

(b) within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to any stamp duty, registration or other similar Tax paid or payable in respect of any Finance Document.

12.6 Indirect tax

(a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

(b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by that Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

12.7 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Company, the Agent and the other Finance Parties.
13. Increased Costs

13.1 Increased costs

(a) Subject to Clause 13.3 (Exceptions) the Company shall, within five (5) Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation by any governmental or regulatory authority or (ii) compliance with any law or regulation made after the date of this Agreement. The terms “law” and “regulation” in this paragraph (a) shall include any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

(b) In this Agreement:

(i) “Basel III” means:

(A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended supplemented or restated; and

(B) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”; and

(ii) “Increased Costs” means:

(A) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);

(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document, which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to the undertaking, funding or performance by such Finance Party of any of its obligations under any Finance Document or any participation of such Finance Party in any Loan or Unpaid Sum.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (Increased costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.

(b) Each Finance Party shall together with its demand provide a certificate confirming the amount and basis of calculation of its Increased Costs.

13.3 Exceptions

(a) Clause 13.1 (Increased costs) does not apply to the extent any Increased Cost is:
(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) compensated for by Clause 12.3 (Tax indemnity) (or would have been compensated for under Clause 12.3 (Tax indemnity) but was not so compensated solely because the exclusion in paragraph (a) of Clause 12.3 (Tax indemnity) applied);

(iii) attributable to the breach by the relevant Finance Party or its Affiliates of any law or regulation or the negligence of any of them;

(iv) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (“Basel II”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates);

(v) attributable to the implementation or application of or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates) but only to the extent the relevant Finance Party is required to implement, apply or comply with Basel III on the date on which it becomes a Party;

(vi) attributable to a FATCA Deduction required to be made by a Party; or

(vii) not notified to the Agent by the relevant Finance Party within three (3) Months of such Finance Party becoming aware of the Increased Cost in accordance with Clause 13.2(a) (Increased cost claims).

(b) In this Clause 13.3 references to a “FATCA Deduction” or a “Tax Deduction” have the same meaning given to such terms in Clause 12.1 (Tax definitions).

14. Mitigation by the Lenders

14.1 Mitigation

(a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Illegality), Clause 12 (Tax Gross Up and Indemnities) or Clause 13.1 (Increased costs), including (but not limited to):

(i) providing such information as the Company may reasonably request in order to permit the Company to determine its entitlement to claim any exemption or other relief (whether pursuant to a double taxation treaty or otherwise) from any obligation to make a Tax Deduction; and

(ii) in relation to any circumstances which arise following the date of this Agreement, transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.
14.2 Limitation of liability

(a) The Company shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 14.1 (Mitigation).

(b) A Finance Party is not obliged to take any steps under Clause 14.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might reasonably be expected to be prejudicial to it.

14.3 Conduct of business by the Finance Parties

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax; or

(d) oblige any Finance Party to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any applicable anti-money laundering, counter-terrorism financing, economic or trade Sanctions law or regulation.

15. Other Indemnities

15.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a “Sum”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “First Currency”) in which that Sum is payable into another currency (the “Second Currency”) for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within five (5) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

15.2 Other indemnities

The Company shall, within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;
(b) any written information produced or approved by any Obligor in connection with the Finance Documents being or being alleged to be misleading and/or deceptive in any respect;

(c) any enquiry, investigation, subpoena (or similar order) or litigation with respect to any Obligor or with respect to the transactions contemplated or financed under this Agreement;

(d) a failure by an Obligor to pay any amount due under a Finance Document on its due date or in the relevant currency, including without limitation, any cost, loss or liability arising as a result of Clause 26 (Sharing among the Finance Parties);

(e) funding, or making arrangements to fund, its participation in a Loan requested by the Company in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(f) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Company.

15.3 Indemnity to the Agent

(a) The Company shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default; or (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

(b) The indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.

16. Costs and Expenses

16.1 Transaction expenses

The Company shall, within five Business Days of demand, pay the Administrative Parties the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of:

(a) this Agreement and any other Finance Documents referred to in it; and

(b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 27.10 (Change of currency), the Company shall, within five Business Days of demand, reimburse the Agent for the amount of all reasonable costs and expenses (including legal fees of law firms approved by the Company and subject to any agreed caps) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Company shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.
17. Guarantee and Indemnity

17.1 Guarantee and indemnity

The Guarantor irrevocably and unconditionally:

(a) guarantees to each Finance Party punctual performance by the Company of all the Company’s obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever the Company does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it was the principal obligor; and

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of the Company not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Company under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantor under this Clause 17 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 Waiver of defences

The obligations of the Guarantor under this Clause 17 will not be affected by an act, omission, matter or thing which, but for this Clause 17, would reduce, release or prejudice any of its obligations under this Clause 17 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of the Company or any other person under the terms of any composition or arrangement with any creditor of the Company or any Guarantor Group Member;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, execute, take up or enforce, any rights against, or security over assets of, the Company or other person or any non-presentation or nonobservance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Company;
(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document including any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document;

(g) any insolvency or similar proceedings; or

(h) this Agreement or any other Finance Document not being executed by or binding upon any other party.

17.5 Immediate recourse

The Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this Clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.6 Appropriations

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor’s liability under this Clause 17.

17.7 Deferral of Guarantor’s rights

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Guarantor will not exercise or otherwise enjoy the benefit of any right which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17:

(a) to be indemnified by the Company;

(b) to claim any contribution from any other guarantor of or provider of security for the Company’s obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

(d) to bring legal or other proceedings for an order requiring the Company to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (Guarantee and indemnity);

(e) to exercise any right of set-off against the Company; and/or
to claim or prove as a creditor of the Company in competition with any Finance Party.

If the Guarantor shall receive any benefit, payment or distribution in relation to any such right it shall hold that benefit, payment or distribution (or so much of it as may be necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be paid in full) on trust for the Finance Parties, and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 27 (Payment Mechanics).

17.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

18. Representations

Each Obligor makes the representations and warranties with respect to itself set out in this Clause 18 to each Finance Party.

18.1 Status

(a) It is a limited liability company, duly incorporated and validly existing under the laws of Hong Kong.

(b) It has the power to own its assets and carry on its business in all material respects as it is being conducted.

(c) It is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any person in relation to the Finance Documents.

18.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are, subject to any general principles of law limiting its obligations which are generally applicable, legal, valid, binding and enforceable obligations.

18.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) any material law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets in a manner that might reasonably be expected to give rise to a Material Adverse Effect.

18.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.
18.5  Validity and admissibility in evidence

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and

(c) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect (or, in each case, will be when required).

18.6  Governing law and enforcement

(a) The choice of Hong Kong law as the governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdiction.

(b) Any judgment obtained in Hong Kong in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation.

18.7  Deduction of Tax

It is not required under the law applicable where it is incorporated or resident or at the address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

18.8  No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, except that Cayman Islands stamp duty may be payable if the original Finance Documents are brought into or executed in the Cayman Islands.

18.9  No default

(a) No Event of Default is continuing or could reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which has or could reasonably be expected to have a Material Adverse Effect.

18.10 No misleading information

Save as disclosed in writing to the Agent on or prior to the date on which such information is provided, all written information provided by it to the Agent after the date of this Agreement was true and accurate in all material respects as at the date it was provided and was not misleading in any material respect as at such date.
18.11 Financial statements

(a) The financial statements most recently supplied to the Agent (which, at the date of this Agreement, are the Original Financial Statements) were prepared in accordance with the Accounting Principles consistently applied save to the extent expressly disclosed in such financial statements.

(b) The financial statements most recently supplied to the Agent (which, at the date of this Agreement, are the Original Financial Statements) give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition and operations (consolidated in the case of the Guarantor) as at the end of and for the relevant financial year save to the extent expressly disclosed in such financial statements.

(c) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group) since 31 March 2018.

18.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

18.13 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which might reasonably be expected to be adversely determined and, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it.

18.14 Taxation

(a) It is not overdue (taking into account any extension or grace period) in the payment of any material amount in respect of Tax, in each case save to the extent that (i) such payment is being contested in good faith; and (ii) it has maintained adequate reserves for those Taxes.

(b) No claim or investigations are being, or to its actual knowledge, are reasonably likely to be, made or conducted against it with respect to Taxes which would have or are reasonably likely to have a Material Adverse Effect.

(c) It is resident for tax purposes only in the jurisdiction of its incorporation.

18.15 No insolvency

No event as described in Clause 21.5 (Involuntary proceedings) or Clause 21.6 (Voluntary proceedings) is continuing in relation to it or any Major Material Subsidiary.

18.16 Intellectual Property

(a) It, or another Guarantor Group Member, is the legal and beneficial owner of or has licensed to it all the material Intellectual Property which is required in order to carry on the business of the Guarantor Group as it is currently being conducted.

(b) It does not, in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect.
(c) All formal or procedural actions (including payment of fees) required to maintain any Intellectual Property owned by it have been taken, except to the extent failure to take such actions does not or is not reasonably likely to have a Material Adverse Effect.

18.17 Immunity

(a) The entry into by it of each Finance Document constitutes, and the exercise by it of its rights and performance of its obligations under each Finance Document will constitute, private and commercial acts performed for private and commercial purposes.

(b) It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its Relevant Jurisdiction in relation to any Finance Documents.

18.18 Authorised Signatories

Any person specified as its authorised signatory under Schedule 2 (Conditions Precedent) is authorised to sign Utilisation Requests, Selection Notices and other notices on its behalf.

18.19 Good title to assets

It has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as from time to time conducted the absence of which, in relation to any asset other than the Property, would have a Material Adverse Effect.

18.20 Bribery, Anti-corruption

(a) To the actual knowledge of Management, its business is carried on in all material respects in compliance with all, and none of its directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Obligor), affiliates or employees acts in breach of any, applicable laws relating to bribery and anti-corruption, including without limitation the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977 or any similar laws, rules or regulations issued, administered or enforced by any government or governmental authority having jurisdiction over it.

(b) There are in place appropriate policies and procedures designed to promote and achieve compliance with all such applicable laws by each Obligor and by its directors, officers and employees.

18.21 Sanctions

(a) To the actual knowledge of Management, after due and reasonable enquiry, its business is as at the date of this Agreement carried on in compliance with all applicable Sanctions.

(b) None of the Obligors or any of their respective directors, officers, agents (solely in their capacity as agents under, and in compliance with, a written contract with that Obligor), affiliates or employees is a person currently the subject of any Sanctions, and neither Obligor is located, organised or resident in a country or territory that is the subject of any Sanctions.

18.22 Money Laundering

(a) To the actual knowledge of Management, after due and reasonable enquiry, no Obligor engages in Money Laundering or acts in breach of any applicable laws or regulations relating to Money Laundering issued, administered or enforced by any governmental agency having jurisdiction over it.
(b) There are in place appropriate policies and procedures designed to promote and achieve compliance by each Obligor with all applicable laws or regulations relating to Money Laundering.

18.23 Dividends repatriation

There is no contractual restriction for any Major Material Subsidiary incorporated in the PRC which is a WFOE to pay dividends out of its Distributable Reserves, or to make any distribution to any of its shareholders or holders of any equity interest in it (in each case, subject to any generally applicable administrative and legal restrictions).

18.24 Times when representations made

(a) All the representations and warranties in this Clause 18 are made by each Obligor on the date of this Agreement.

(b) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request and the first day of each Interest Period.

(c) Each representation or warranty deemed to be made after the date of this Agreement shall, except where the contrary is indicated, be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

19. Information Undertakings

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Financial statements

The Company shall supply to the Agent:

(a) as soon as they become available but in any event within 120 days after the end of each of its financial years:

(i) its audited consolidated financial statements for that financial year; and

(ii) the unaudited standalone management accounts (consisting of a balance sheet and income statement only) of the Guarantor for that financial year; and

(b) as soon as they become available but in any event within 60 days after the end of the first half of each of its financial years its unaudited consolidated financial statements for that financial half year.

19.2 Compliance Certificate

The relevant Obligor shall supply to the Agent:

(a) annually, within 120 days after the end of each of its fiscal year; and

(b) upon written request by the Agent, within 14 days of such request,

a brief certificate from (in relation to the Company) its chief financial officer and (in relation to the Guarantor) its principal execution officer, principal financial officer, principal account officer or treasurer as to his or her knowledge of that Obligor’s compliance with all conditions and covenants under the Finance Documents (which compliance shall be determined without regarding to any period of grace or requirement of notice provided under the Finance Documents), specifying if any Default has occurred and, in the event that any
Default has occurred, specifying each such Default and the nature and status thereof of which such person may have knowledge.

19.3 Notification of default

The Company shall deliver to the Agent promptly and in any event within 30 calendar days after any Obligor becomes aware of the occurrence of any Event of Default or any event which, with the giving of notice of the lapse of time or both, would constitute an Event of Default, an Officer’s Certificate of the Company setting out the details of such Event of Default or Default and the action which the Company proposes to take with respect thereto.

19.4 “Know your customer” checks

(a) Each Obligor shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender (including for any Lender on behalf of any prospective new Lender)) in order for the Agent, such Lender or any prospective new Lender to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

19.5 Information on the Project

(a) The Company shall supply to the Agent, on a semi-annual basis, on the last day of each fiscal half-year commencing from the date of this Agreement, a report on progress of the Project.

(b) The Company shall supply to the Agent, on a quarterly basis, on the last day of each fiscal quarter commencing from the date of this Agreement, a Budget.

(c) To the extent any of the following documents are not delivered as a condition precedent under Clause 4.1 (Initial conditions precedent), the Company shall supply to the Agent a certified copy of the same as soon as reasonably practicable after the relevant document(s) become available:

(i) each Project Development Document;

(ii) the Project Development Plan.

(d) The Company shall notify the Agent in writing of:

(i) any material amendment, supplement, waiver or release in respect of any of the Project Development Documents, the Budgets or the Project Development Plan; and

(ii) any amendment, supplement, waiver or release in respect of a Development Right Document where such amendment, supplement, waiver or release would have a Material Adverse Effect,

in each case, as soon as reasonably practicable and in any event within 30 days of any such amendment, supplement, waiver or release and provide the Agent with a copy of the relevant updated document.
(e) To the extent not delivered as a condition precedent under Clause 4.1 (*Initial conditions precedent*), a certified copy of each contract of Property Insurances as soon as reasonably practicable and in any event within two weeks after the initial Utilisation Date.

(f) The Company shall deliver to the Agent promptly, and in any event within two weeks after such document becomes available, certified copies of any renewal policy of any of the Property Insurances (including, for the avoidance of doubt, the renewal of any insurances described in paragraph 4(d) of Schedule 2 (*Conditions Precedent*)).

(g) The Company shall deliver to the Agent promptly upon becoming aware of them, the details of any proposed extension of time to the “Long Stop Date” (as defined in the Agreement for Sub-Lease) including the new Long Stop Date after the proposed extension and details of the circumstances leading or giving rise to the right to extend such Long Stop Date.

19.6 Use of websites

(a) The Company may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “Website Lenders”) who accept this method of communication by posting this information onto an electronic website designated by the Company and the Agent (the “Designated Website”) if:

(i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both the Company and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Company and the Agent.

If any Lender (a “Paper Form Lender”) does not agree to the delivery of information electronically then the Agent shall notify the Company accordingly and the Company shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form.

(b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Company and the Agent.

(c) The Company shall promptly upon becoming aware of its occurrence notify the Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the Company becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Company notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Company under this Agreement after the date of that notice shall be supplied
20. **General Undertakings**

The undertakings in this Clause 20 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

20.1 **Pari passu ranking**

Each Obligor shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

20.2 **Negative pledge**

(a) No Obligor shall create or have outstanding, and shall ensure that none of the Principal Controlled Entities will create or have outstanding, any Security upon the whole or any part of their respective present or future assets securing any Relevant Indebtedness, or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of an Obligor or of any of the Principal Controlled Entities, without:

(i) at the same time or prior thereto securing or guaranteeing the liabilities of the Obligors under the Finance Documents equally and ratably therewith; or

(ii) providing such other Security or guarantee for the Facility as shall be approved by the Majority Lenders.

(b) Paragraph (a) above does not apply to:

(i) any Security arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Security in respect of the obligations of any person which becomes a Principal Controlled Entity or which merges with or into an Obligor or a Principal Controlled Entity after 28 November 2014 which is in existence at the date on which it becomes a Principal Controlled Entity or merges with or into that Obligor or a Principal Controlled Entity;

(iii) any Security created or outstanding in favour of an Obligor or any Security created by any of the Controlled Entities of the Obligors in favour of any other Controlled Entities of the Obligors;

(iv) any Security in respect of Relevant Indebtedness of an Obligor or any Principal Controlled Entity with respect to which such Obligor or such Principal Controlled Entity has paid money or deposited money or securities with a paying agent, trustee or depository to pay or discharge in full the obligations of such Obligor or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full);

(v) any Security created in connection with a project financed with, or created to secure, Non-recourse Obligations; or

(vi) any Security arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security permitted by paragraphs (ii), (v) or this paragraph (vi); provided that such Relevant Indebtedness is not increased beyond the principal
amount thereof (together with the costs of such refinancing, extension, renewal or refunding, including any accrued interest and prepayment premiums or consent fees) and is not secured by any additional property or assets.

20.3 Merger, consolidation and sale of assets

No Obligor shall consolidate with or merge into any other person in a transaction or convey, transfer or lease its properties and assets substantially as an entirety to any person unless:

(a)

(i) the relevant Obligor party to that merger or consolidation is the surviving entity; or

(ii) any person formed by such consolidation or into or with which that Obligor is merged or to whom that Obligor has conveyed, transferred or leased its properties and assets substantially as an entirety (such entity, the “New Merged Entity”) is a corporation, partnership, trust or other entity validly existing under the laws of the British Virgin Islands, the Cayman Islands, the PRC or Hong Kong and such person expressly assumes, by an accession deed in form and substance reasonably satisfactory to the Lenders, all of that Obligor’s obligations under the Finance Documents, including any of its obligations under Clause 12 (Tax Gross Up and Indemnities);

(b) immediately after given effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the relevant Obligor or the New Merged Entity (as the case may be) delivers to the Agent an Officer’s Certificate and an opinion of independent legal firm of internationally recognised standing that is reasonably acceptable to the Agent, each stating that such consolidation, merger, conveyance, transfer or lease and the accession deed referred in paragraph (a)(ii) above is in compliance with the Finance Documents and that all conditions precedent therein provided for relating to such transaction have been complied with.

20.4 Sanctions

(a) No Obligor shall use any of the funds advanced under this Agreement directly or indirectly for the purpose of, or with the effect of, funding or facilitating any activities or business activities in, with or relating to (a) Crimea, Cuba, Sudan, Iran, Syria or North Korea, unless such countries are no longer the subject of Sanctions; and (b) any other countries that are, or become, the subject of Sanctions (as notified in writing by the Agent (acting on behalf of any Lenders) to such Obligor from time to time) where such utilisation would be prohibited under Sanctions.

(b) No Obligor shall use any of the funds advanced under this Agreement directly or indirectly for the purpose of, or with the effect of, funding or facilitating, any activities or business activities or dealings of or with any person that is/are the subject of Sanctions and/or subject to economic or trade sanctions, restrictions or embargoes by any other governmental or supranational body notified in writing by the Agent (acting on behalf of any Lenders) to such Obligor from time to time. This includes in particular (but without limitation) business activities involving persons named on any sanctions lists issued by any of the aforementioned bodies.

20.5 Anti-corruption

No Obligor will directly or indirectly use the proceeds of the Facility in a manner, or lend, contribute or otherwise make available such proceeds to any subsidiary, affiliate, joint venture partner or other person or entity for the purpose of financing or facilitating any activity, that would violate applicable anti-corruption

20.6 Anti-money laundering

Each Obligor will at all times have in place appropriate procedures and policies designed to promote and achieve compliance by it with all applicable laws and regulations relating to Money Laundering.

20.7 No other business

(a) The Company shall not trade or carry on any business except for the development and management of the Project.

(b) The Company shall not enter into any material agreement other than the relevant Finance Documents, the Project Development Documents, the Development Right Documents, the Property Insurances, contracts facilitating the issuance of a security in favour of the Airport Authority in connection with the Project, and, in each case, any other commitment reasonably ancillary thereto.

(c) The Company shall not assign, transfer, novate or otherwise dispose of any or all of its rights and/or obligations under any of the Project Development Documents, Development Right Documents and Property Insurances.

20.8 Practical Completion

Each Obligor shall ensure that Practical Completion occurs by no later than the Long Stop Date (as defined in the Agreement for Sub-Lease), as may be extended pursuant to the terms of the Agreement for Sub-Lease in its agreed form.

20.9 Property Insurances

(a) The Company shall maintain or procure to be maintained insurances on and in relation to the Property against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

(b) Without limiting the foregoing in paragraph (a), such insurances shall:

(i) insure the Company in respect of its interests in the Property and the plant and machinery on the Property (including fixtures and improvements) for their full replacement value (being the total cost of entirely rebuilding, reinstating or replacing the relevant asset if it is completely destroyed, together with all related fees and demolition costs);

(ii) provide cover for site clearance, shoring or propping up, professional fees (including any applicable Indirect Tax) together with adequate allowance for inflation;

(iii) include public liability and third party liability insurance;

(iv) insure such other risks as a prudent company or other person in the same business as the Company would insure; and

(v) any other insurance as may be required under the Agreement for Sub-Lease or by the Airport Authority,

in each case with a reputable independent insurance company or underwriters acceptable to the Majority Lenders.
20.10 CNAC Facility

The Company shall ensure that the total commitment amount under the CNAC Facility, when aggregated with the Total Commitments, will not exceed HK$11,775,000,000 (or its equivalent in another currency or currencies).

21. Events of Default

Each of the events or circumstances set out in the following sub-clauses of this Clause 21, (other than Clause 21.8 (Acceleration)) is an Event of Default.

21.1 Non-payment

(a) The Company fails to pay the principal amount in respect of the Facility when due and payable (whether at the Final Repayment Date or upon acceleration or otherwise).

(b) The Company fails to pay interest in respect of any Loan within 30 days after such interest becomes due and payable.

(c) The Guarantor does not pay any amount payable in respect of the principal amount of the Facility when such amount becomes due and payable.

(d) The Guarantor does not pay any amount payable in respect of any interest on any Loan within 30 days after such amount becomes due and payable.

21.2 Specified Defaults

An Obligor defaults in the performance of or breaches its obligations under Clause 20.3 (Merger, consolidation and sale of assets).

21.3 Other obligations

An Obligor defaults in the performance of or breaches any provision of the Finance Documents (other than a default specified in Clauses 21.1 (Non-payment) or 21.2 (Specified Defaults) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Agent.

21.4 Cross Default

An event of default (howsoever defined) occurs under the facility documentation for the CNAC Facility.

21.5 Involuntary proceedings

In relation to any Obligor or any Principal Controlled Entity, a court having jurisdiction enters in the premises of:

(a) a decree or order for relief in respect of it or any of the Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law; or

(b) a decree or order adjudging it or any of the Principal Controlled Entities bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganisation, arrangement, adjustment, or composition of or in respect of it or any of the Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of it or any of the Principal Controlled Entities or of any substantial part of its or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws),
(c) and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days.

21.6 Voluntary proceedings

An Obligor or any of the Principal Controlled Entities:

(a) commence a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent; or

(b) consent to the entry of a decree or order for relief in respect of it or any of the Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against it or any Principal Controlled Entity; or

(c) file a petition or answer or consent seeking reorganisation or relief with respect to it or any of the Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or consent to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of it or any of the Principal Controlled Entities or of any substantial part of its or their respective property pursuant to any such law; or

(d) make a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or admit in writing of its inability to pay debts generally as they become due, or take corporate action that resolves to commence any such action.

21.7 Illegality

Any obligation of the Obligors under the Finance Documents or any Finance Document is or becomes or is claimed by any Obligor to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the terms of this Agreement.

21.8 Acceleration

At any time while an Event of Default is continuing the Agent may, and shall if so directed by a Lender or Lenders whose Commitments aggregate more than 66²/₃% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66²/₃% of the Total Commitments immediately prior to the reduction), by notice to the Company:

(a) without prejudice to the participations of any Lenders in any Loans then outstanding:

(i) cancel the Commitments (and reduce them to zero), whereupon they shall immediately be cancelled (and reduced to zero); or

(ii) cancel any part of any Commitment (and reduce such Commitment accordingly), whereupon the relevant part shall immediately be cancelled (and the relevant Commitment shall be immediately reduced accordingly); and/or

(b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

22. Changes to the Lenders

22.1 Transfers by the Lenders

(a) Subject to this Clause 22, a Lender (the “Existing Lender”) may:

(i) transfer by novation any of its rights and obligations, under the Finance Documents to another bank or financial institution (the “New Lender”); and

(ii) sub-participate any of its rights and/or obligations under this Agreement.

(b) Subject to Clause 22.9 (Security over Lenders’ rights), an Existing Lender shall not be permitted to assign any of its rights under the Finance Documents.

22.2 Conditions of transfer or sub-participation

(a) Subject to paragraph (b) below, the prior written consent of the Obligors is required for any transfer or sub-participation by an Existing Lender.

(b) The prior written consent of the Obligors is not required for a transfer by an Existing Lender if the relevant transfer is:

(i) to another Lender or an Affiliate of a Lender; or

(ii) made at a time when an Event of Default is continuing, unless such transfer is to a Prohibited Transferee, in which case consent of the Obligors will be required in accordance with paragraph (a) above.

(c) Any transfer of a Lender’s rights or obligations under the Finance Documents must be in a minimum amount of HK$250,000,000 (and following any such transfer by a Lender, unless that Lender has transferred all of its rights and obligations under the Finance Documents, that Lender must retain rights and obligations in a minimum amount of HK$250,000,000 or, in each case, such lower amount with the consent of the Obligors.

(d) A transfer will be effective only if the procedure set out in Clause 22.5 (Procedure for transfer) is complied with.

(e) If:

(i) a Lender transfers any of its rights and obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the transfer occurs, the Company would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (Tax Gross Up and Indemnities) or Clause 13 (Increased Costs),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the transfer had not occurred.

(f) Each New Lender, by executing the relevant Transfer Certificate, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been
approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

(g) The right of any Lender to make transfers and enter into sub-participations as provided by this Clause 22 is in any event subject to that Lender procuring that Confidentiality Undertakings are entered into and delivered to the Company as provided by Clause 24 (Disclosure of Information).

22.3 Transfer fee

Unless the Agent otherwise agrees and excluding any transfer to an Affiliate of a Lender, the New Lender shall, on the date upon which a transfer takes effect, pay to the Agent (for its own account) a fee of US$2,500.

22.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations transferred under this Clause 22; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

22.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 22.2 (Conditions of transfer or sub-participation) a transfer is effected in accordance with paragraph (c) below when:
(i) the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate; and

(ii) when the Intercreditor Agreement has been entered into, the New Lender enters into documentation required for it to accede as a party to the Intercreditor Agreement in accordance with the terms of the Intercreditor Agreement.

(b) The Agent shall not be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such New Lender.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the “Discharged Rights and Obligations”);

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, the Mandated Lead Arrangers, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Mandated Lead Arrangers and the Existing Lender shall each be released from further obligations to each other under this Agreement; and

(iv) the New Lender shall become a Party as a “Lender”.

(d) The procedure set out in this Clause 22.5 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of transfer of such right or obligation or prohibit or restrict any transfer of such right or obligation, unless such prohibition or restriction shall not be applicable to the relevant transfer or each condition of any applicable restriction shall have been satisfied.

22.6 Copy of Transfer Certificate to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Company a copy of that Transfer Certificate.

22.7 Existing consents and waivers

A New Lender shall be bound by any consent, waiver, election or decision given or made by the relevant Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the relevant transfer to such New Lender.
22.8 Exclusion of Agent’s liability

In relation to any transfer pursuant to this Clause 22, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

22.9 Security over Lenders’ rights

In addition to the other rights provided to Lenders under this Clause 22, each Lender may without consulting with or obtaining consent from any Obligor at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation, any charge, assignment or other Security to secure obligations to a federal reserve or central bank, except that no such charge, assignment or Security shall:

(a) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(b) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

23. Assignment or Transfer by the Obligors

No Obligor may assign or transfer any of its rights or obligations under any Finance Document, except with the prior written consent of all the Lenders.

24. Disclosure of Information

24.1 Obligation to keep information confidential

(a) Each Finance Party must keep confidential all information relating to any Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either (i) any Group Member or any of its advisers; or (ii) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Group Member or any of its advisers (regardless of the form such information takes, and including information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information) and shall not use any such information except in connection with the Finance Documents and the Facility.

(b) However, a Finance Party is entitled to disclose information referred to in paragraph (a) above:

(i) if such information is publicly available, other than as a direct or indirect result of a breach by that Finance Party of, or action by its Affiliates that is contrary to the provisions of, this Clause;

(ii) if required to do so in connection with any legal, arbitration or regulatory proceedings or procedure;

(iii) if required to do so under any applicable law or regulation;

(iv) if required or requested to do so by any governmental, banking, taxation or other regulatory authority;
(v) to its professional advisers and any other person providing services to it (including, without limitation, any provider of administrative or settlement services, external auditors, insurers and insurance brokers) provided that such person is under a duty of confidentiality, contractual or otherwise, to that Finance Party;

(vi) to its officers, employees, directors and agents on a need-to-know basis provided that such person is under a duty of confidentiality, contractual or otherwise, to that Finance Party;

(vii) to the head office, branches, representative offices, Subsidiaries, related corporations or Affiliate of any Finance Party (each a “Finance Party Related Party”) and each Finance Related Party shall be permitted to disclose information as if it were a Finance Party;

(viii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 22.9 (Security over Lenders’ rights);

(ix) to any other Finance Party;

(x) to any person permitted in writing by the Company;

(xi) to an Obligor; or

(xii) to the International Swaps and Derivatives Association, Inc. ("ISDA") or any Credit Derivatives Determination Committee or sub-committee of ISDA where such disclosure is required by them in order to determine whether the obligations under the Finance Documents will be, or in order for the obligations under the Finance Documents to become, deliverable under a credit derivative transaction or other credit linked transaction which incorporates the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement or other provisions substantially equivalent thereto; or

(xiii) if required to do so under the Intercreditor Agreement.

(c) A Finance Party may disclose to an Affiliate or any potential transferee or Participant to which a transfer or sub-participation is not expressly prohibited under Clause 22 (Changes to the Lenders) but for the avoidance of doubt not to an Industrial Competitor:

(i) a copy of any Finance Document; and

(ii) any information which that Finance Party has acquired under or in connection with any Finance Document.

However, before a potential transferee or Participant may receive any confidential information, it must execute in favour of the relevant Finance Party a Confidentiality Undertaking and deliver a copy of the same to the Company. A potential transferee or Participant may itself disclose the documents and information referred to in sub-paragraphs (i) and (ii) to an Affiliate or any person with whom it may enter, or has entered into, any kind of transfer of an economic or other interest in, or related to, this Agreement so long as the relevant Affiliate or transferee executes in favour of the relevant potential transferee or Participant a Confidentiality Undertaking and delivers a copy of the same to the Company.

This Clause supersedes any previous agreement relating to the confidentiality of such information.

24.2 Relevant information

Without affecting the responsibility of the relevant Obligor for information supplied by it or on its behalf in connection with any Finance Document, each of the Lenders accepts and acknowledges that:
(a) some or all of the information (including, without limitations, financial projections and/or other financial data) that has or may be provided to the Lenders (through the Agent or otherwise) is or may constitute relevant information in relation to an Obligor (the “Price Sensitive Information”) and that the use of such information may be regulated or prohibited by applicable laws and regulations relating to, among other things, insider dealing and/or market abuse;

(b) upon possession of the Price Sensitive Information, a Lender may be prohibited or restricted under the applicable laws and regulations from, among other things, dealing in or counselling or procuring another person to deal in the listed securities of AGH or its derivatives, or the listed securities of a related corporation of AGH or its derivatives, or otherwise from using or disclosing the Price Sensitive Information;

(c) none of the Agent nor the Mandated Lead Arrangers will be liable for any action taken by it under or in connection with distributing the information provided that where it is required to act on the instructions of any Lender or Lenders, the Agent may ask for a confirmation or certificate (in form and substance satisfactory to the Agent) confirming that the instructing Lender or Lenders is or are not in possession of any Price Sensitive Information and that it is or they are not instructing the Agent, to act as a consequence of being in possession of any Price Sensitive Information; and

(d) any information received under or in connection with the Finance Documents shall not be used for any unlawful purpose, and each Lender shall make an independent evaluation of, and ensure its compliance with, any legal and regulatory restrictions on the use and/or disclosure of such information.

24.3 Individual Data

In respect of any data or information (including, without limitation, data covered by banking secrecy and/or personal data laws) regarding an individual (including, without limitation, any employees of an Obligor or its Affiliates) (“Individual Data”) provided to any Finance Party, each Obligor represents and warrants that it has obtained each relevant individual’s prior consent to the collection, use, disclosure and processing of his/her Individual Data by the Finance Parties, and that such Individual Data is true, accurate and complete in all material respects.

25. Role of the Administrative Parties

25.1 Appointment of the Agent

(a) Each of the other Finance Parties appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the other Finance Parties authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

25.2 Duties of the Agent

(a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Without prejudice to Clause 22.6 (Copy of Transfer Certificate to Company), paragraph (a) above shall not apply to any Transfer Certificate.

(c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
(d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to any Administrative Party) under this Agreement it shall promptly notify the other Finance Parties.

(f) The Agent shall provide to each Obligor within ten (10) Business Days of the last Business Day of each calendar month, a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or office, if any, for whose attention any communication is to be marked) of each Lender for any communications to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

(g) The Agent shall not be liable to account for interest on money paid to it by or recovered from any Obligor. Monies held by the Agent need not be segregated except as required by law.

(h) The Agent’s duties under the Finance Documents are solely mechanical and administrative in nature.

25.3 Role of the Mandated Lead Arrangers

Except as specifically provided in the Finance Documents, the Mandated Lead Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

25.4 No fiduciary duties

(a) The Administrative Parties shall not otherwise have, nor be deemed to have, assumed any obligations to, or trust or fiduciary relationship with, any other party to this Agreement.

(b) None of the Agent or the Mandated Lead Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

25.5 Business with the Group

(a) Any Administrative Party may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Group Member.

(b) Each of the Lenders hereby irrevocably waives, in favour of the Agent, any conflict of interest which may arise by virtue of the Agent acting in various capacities under the Finance Documents or for other customers of the Agent. Each of the Lenders acknowledges that the Agent and its affiliates (together, the “Agent Parties”) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which a Lender may regard as conflicting with its interests and may possess information (whether or not material to the Lenders) other than as a result of the Agent acting as Agent under the Finance Documents, that the Agent may not be entitled to share with any Lender.

(c) Consistent with its long-standing policy to hold in confidence the affairs of its customers, the Agent will not disclose confidential information obtained from any Lender (without its consent) to any of the Agent’s other customers nor will it use on the Lender’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Lenders agrees
that each of the Agent Parties may deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Finance Documents.

25.6 Rights and discretions of the Agent

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 21.1 (Non-payment)); and

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.

(g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor any Mandated Lead Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

25.7 No Duty to Monitor

The Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

(c) whether any other event specified in any Finance Document has occurred.
25.8 Majority Lenders’ instructions

(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) or under paragraph (d) below until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender’s consent) in any legal or arbitration proceedings relating to any Finance Document.

25.9 Responsibility for documentation

No Administrative Party:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Administrative Party, an Obligor or any other person given in or in connection with any Finance Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document;

(c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

25.10 Exclusion of liability

(a) Without limiting paragraph (b) below, the Agent shall not be liable for any cost, loss or liability incurred by any Party as a consequence of:

(i) the Agent having taken or having omitted to take any action under or in connection with any Finance Document, unless directly caused by the Agent’s gross negligence or wilful misconduct; or

(ii) any delay in the crediting to any account of an amount required under the Finance Documents to be paid by the Agent if the Agent shall have taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for the purpose of such payment.
(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Ordinance.

c) Nothing in this Agreement shall oblige any Administrative Party to conduct any “know your customer” or other procedures in relation to any person on behalf of any Lender and each Lender confirms to each Administrative Party that it is solely responsible for any such procedures it is required to conduct and that it shall not rely on any statement in relation to such procedures made by any Administrative Party.

d) Notwithstanding anything to the contrary in this Agreement or in any other Finance Document, the Agent shall not in any event be liable for any loss or damage, or any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any reason which is beyond the control of the Agent, including, but not limited to, any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any event where, in the reasonable opinion of the Agent, performance of any duty or obligation under or pursuant to this Agreement would or may be illegal or would result in the Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organisation to which the Agent is subject.

e) Notwithstanding any other term or provision of this Agreement to the contrary, the Agent shall not be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever, whether or not foreseeable, or for any loss of business, goodwill, opportunity or profit, whether arising directly or indirectly and whether or not foreseeable, even if the Agent is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise. The provisions of this Clause shall survive the termination or expiry of this Agreement or the resignation or removal of the Agent.

25.11 Refrain from Illegality

The Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction which would or might otherwise render it liable to any person.

25.12 Lenders’ indemnity to the Agent

(a) Each Lender shall, in accordance with paragraph (b) below, indemnify the Agent within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Agent’s gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

(b) The proportion of such cost, loss or liability to be borne by each Lender shall be in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero.

(c) The Lenders’ indemnity to the Agent shall survive the termination or expiry of this Agreement and the resignation or replacement of the Agent.
25.13  Resignation of the Agent

(a)  The Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Company.

(b)  Alternatively the Agent may resign by giving thirty (30) days’ notice to the other Finance Parties and the Company, in which case the Majority Lenders (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(c)  If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within thirty (30) days after notice of resignation was given, the retiring Agent (with the consent of the Company, such consent not to be unreasonably withheld) may appoint a successor Agent.

(d)  The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e)  The Agent’s resignation notice shall take effect only upon the appointment of a successor, provided that notwithstanding any of the foregoing, the resignation of the Agent otherwise in accordance with the provisions of this Clause 25 shall be effective immediately in the event that the Agent’s continuing appointment would conflict with (and such resignation would be required by) applicable law or the Agent’s internal policies (including without limitation with respect to “know-your-client” and/or any conflict of interest) that in each case, cannot be resolved to the reasonable satisfaction of the Agent.

(f)  Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 25.13.  Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g)  After consultation with the Company, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above.  In this event, the Agent shall resign in accordance with paragraph (b) above.

(h)  The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(i)  the Agent fails to respond to a request under Clause 25.15 (FATCA Information) and the Company or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(ii)  any information supplied by the Agent pursuant to Clause 25.15 (FATCA Information) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii)  the Agent notifies the Company and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Company or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Company or that Lender, by notice to the Agent, requires it to resign.
(iv) For the purposes of this paragraph (h):


“FATCA” has the meaning given to that term in Clause 12.1 (Tax definitions).

“FATCA Application Date” means:

(A) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or

(B) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

“FATCA Deduction” has the meaning given to that term in Clause 12.1 (Tax definitions).

“FATCA Exempt Party” means a Party that is entitled to receive payments free from any FATCA Deduction.

25.14 Replacement of the Agent

(a) After consultation with the Company, the Majority Lenders may, by giving thirty (30) days’ notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent or by appointing a successor Agent (acting through an office in Hong Kong).

(b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 25.14 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

(d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

25.15 FATCA Information

(a) Subject to paragraph (c) below, the Agent shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other
information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.

(b) If the Agent confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, the Agent shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige the Agent to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If the Agent fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:

(i) if the Agent failed to confirm whether it is (and/or remains) a FATCA Exempt Party then the Agent shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and

(ii) if the Agent failed to confirm its applicable “passthru payment percentage” then the Agent shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is 100%,

until (in each case) such time as the Agent provides the requested confirmation, forms, documentation or other information.

25.16 Confidentiality

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency or, as the case may be, trustee division which shall be treated as a separate legal person from any other of its branches, divisions or departments.

(b) If information is received by another branch, division or department of the legal person which is the Agent, it may be treated as confidential to that branch, division or department and the Agent shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Agent shall not be obliged to disclose to any Finance Party any information supplied to it by an Obligor or any Affiliates of an Obligor on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

25.17 Relationship with the Lenders

(a) Subject to Clause 27.2 (Distributions by the Agent), the Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
(b) Each Lender shall supply the Agent with any information that the Agent may reasonably specify as being necessary or desirable to enable the Agent to perform its functions as Agent.

(c) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 29.5 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 29.2 (Addresses) and paragraph (a) of Clause 29.5 (Electronic communication) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

25.18 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to each Administrative Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each Group Member;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

25.19 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (with the consent of the Company, such consent not to be unreasonably withheld) appoint another Lender or an Affiliate of a Lender or any bank approved by the Majority Lenders to replace that Reference Bank.

25.20 Agent’s management time

Any amount payable to the Agent under Clause 15.3 (Indemnity to the Agent), Clause 16 (Costs and Expenses) and Clause 25.12 (Lenders’ Memnity to the Agent) shall include the reasonable cost of utilising the Agent’s management time or other resources in respect of any duties which are outside the scope of the normal duties of the Agent under the Finance Documents and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 11 (Fees). For the avoidance of doubt, any action required to be undertaken by the Agent in respect of or in relation to any Default, change in structure of the Facility, including acts contemplated in Clauses 16.2 (Amendment costs) and 16.3 (Enforcement costs) shall
not be regarded as tasks falling within the scope of the normal duties of the Agent under the Finance Documents. In the event of any dispute in respect of such cost of utilising the Agent’s management time or other resources, the costs to be paid shall be as reasonably determined by the Agent.

25.21 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

26. Sharing among the Finance Parties

26.1 Payments to Finance Parties

If a Finance Party (a “Recovering Finance Party”) receives or recovers (whether by set off or otherwise) any amount from an Obligor other than in accordance with Clause 27 (Payment Mechanics) (a “Recovered Amount”) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 27 (Payment Mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “Sharing Payment”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 27.6 (Partial payments).

26.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “Sharing Finance Parties”) in accordance with Clause 27.6 (Partial payments) towards the obligations of that Obligor to the Sharing Finance Parties.

26.3 Recovering Finance Party’s rights

(a) On a distribution by the Agent under Clause 26.2 (Redistribution of payments) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

26.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:
(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “Redistributed Amount”); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

26.5 Exceptions

(a) This Clause 26 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

27. Payment Mechanics

27.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

27.2 Distributions by the Agent

(a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 27.3 (Distributions to an Obligor), Clause 27.4 (Clawback), Clause 27.6 (Partial payments) and Clause 25.21 (Deduction from amounts payable by the Agent) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office):

(i) with respect to the Original Lenders, to such account as specified in Schedule 6 (Account Details) (or such other account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency); or

(ii) with respect to any other Party, to such account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency.
(b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date PROVIDED THAT the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to Clause 22 (Changes to the Lenders) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

27.3 Distributions to an Obligor

The Agent may (with the consent of the relevant Obligor or in accordance with Clause 28 (Set-Off)) apply any amount received by it for that Obligor in or towards payment (in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

27.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

27.5 Impaired Agent

(a) If, at any time, the Agent becomes an Impaired Agent, the relevant Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 27.1 (Payments to the Agent) may instead either:

(i) pay that amount direct to the required recipient(s); or

(ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of that Obligor or the Lender making the payment (the “Paying Party”) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the “Recipient Party” or “Recipient Parties”).

In each case such payments must be made on the due for payment under the Finance Documents.

(b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties pro rata to their respective entitlements.

(c) A Party which has made a payment in accordance with this Clause 27.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.

(d) Promptly upon the appointment of a successor Agent in accordance with Clause 25.14 (Replacement of the Agent), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent
for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 27.2
(Distributions by the Agent).

(e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:

(i) that it has not given an instruction pursuant to paragraph (d) above; and

(ii) that it has been provided with the necessary information by that Recipient Party,

give all requisite instructions to the bank with whom the trust account is held to transfer the relevant
amount (together with any accrued interest) to that Recipient Party.

27.6 Partial payments

(a) If any Finance Party receives or recovers an amount from or in respect of an Obligor under or in
connection with any Finance Document which amount is insufficient to, or is not applied to,
discharge all the amounts then due and payable by an Obligor under the Finance Documents, then
the Agent shall apply that payment towards the obligations of that Obligor under the Finance
Documents in the following order:

(i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent
under the Finance Documents;

(ii) secondly, in or towards payment pro rata of any accrued interest, fee (other than as
provided in (i) above) or commission due but unpaid under the Finance Documents;

(iii) thirdly, in or towards payment pro rata of any principal due but unpaid under this
Agreement; and

(iv) fourthly, in or towards payment pro rata of any other sum due but unpaid under the
Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii)
to (iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

27.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without
(and free and clear of any deduction for) set-off or counterclaim.

27.8 Business Days

(a) Any payment which is due to be made on a day (other than a Final Repayment Date) that is not a
Business Day shall be made on the next Business Day in the same calendar month (if there is one)
or the preceding Business Day (if there is not). If a Final Repayment Date is not a Business Day,
any payment which is due to be made on that Final Repayment Date shall be made on the preceding
Business Day.

(b) During any extension of the due date for payment of any principal or Unpaid Sum under paragraph
(a) above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due
date.
27.9 Currency of account

(a) Subject to paragraphs (b) to (e) below, HK Dollar is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than HK Dollar shall be paid in that other currency.

27.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (acting reasonably and after consultation with the Company); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably and after consultation with the Company).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

28. Set-Off

While an Event of Default is continuing, a Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. That Finance Party shall promptly notify the relevant Obligor of any such set-off or conversion.

29. Notices

29.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.
29.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company and the Guarantor, that identified with its name below;

(b) in the case of each Lender, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days’ notice.

29.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will be effective:

(i) if by way of fax, only when received in legible form; or

(ii) if by way of letter, only when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 29.2 (Addresses), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent’s signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

29.4 **Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

29.5 **Electronic communication**

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that those two
Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days’ notice.

(b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

(c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

29.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

30. Calculations and Certificates

30.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

30.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document shall set out the basis of calculation in reasonable detail and is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

30.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

31. Partial invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
32. Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

33. Amendments and waivers

33.1 Required consents

(a) Subject to Clause 33.2 (Exceptions’) and Clause 33.3 (Extension of Commitments), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and each of the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 33.

33.2 Exceptions

(a) Subject to Clause 33.3 (Extension of Commitments), an amendment or waiver that has the effect of changing or which relates to:

(i) the definition of “Majority Lenders” in Clause 1.1 (Definitions);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) an increase in the amount of any Commitment or an extension of the period of availability for utilisation of any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably;

(v) the nature or scope or release of the guarantee and indemnity granted under Clause 17 (Guarantee and Indemnity);

(vi) any provision which expressly requires the consent of all the Lenders;

(vii) Clause 2.2 (Finance Parties’ rights and obligations); or

(viii) Clause 22 (Changes to the Lenders) or this Clause 33.2, shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of any Administrative Party may not be effected without the consent of such Administrative Party.

33.3 Extension of Commitments

(a) Subject to Clause 33.4 (Requirement to offer extension of Commitments to all Lenders), the Company and any Lender may agree that:
(i) the Availability Period and Final Repayment Date applicable to such participation be extended; and

(ii) if any extension as referred to in paragraph (a) applies, the Margin applicable to the relevant participation should be adjusted.

(b) Following any agreement as referred to in paragraph (a) above, the Company and the relevant Lender(s) may notify the Agent, giving details of the applicable agreement (the “Extension Agreement”).

(c) Promptly following notification in accordance with paragraph (b) above, the Agent shall, at the cost of the Company, agree with the Company on behalf of the Finance Parties such amendments to the Finance Documents as may be necessary or appropriate to give effect to the Extension Agreement (which may for the avoidance of doubt include designating the affected participations as loans under a new facility).

(d) The Agent shall promptly provide to each of the Finance Parties and the Guarantor copies of any amendment agreement entered into pursuant to paragraph (c) above (any such amendment agreement or any Finance Document amended to give effect to the Extension Agreement, an “Extension Amendment Agreement”).

(e) Upon the effectiveness of any Extension Amendment Agreement, the Guarantor:

(i) agrees and acknowledges that, save as amended by that Extension Amendment Agreement, each Finance Document to which it is a party shall continue in full force and effect; and

(ii) agrees that the guarantee and indemnity contained in Clause 17 (Guarantee and Indemnity) shall continue in full force and effect and extend to the liabilities and obligations of each Obligor under such Extension Amendment Agreement (each as amended, restated, supplemented, varied or extended from time to time).

33.4 Requirement to offer extension of Commitments to all Lenders

(a) The Agent will only be authorised to enter into an Extension Amendment Agreement under paragraph (c) of Clause 33.3 (Extension of Commitments) if prior to entering into such amendment agreement it is satisfied (acting reasonably) that:

(i) each Lender shall have been offered the opportunity to participate in such extension in an amount up to that Lender’s Pro Rata Share; and

(ii) each Lender shall have been given a period of at least 10 Business Days following receipt of the proposed terms of the extension referred to in paragraph (a) of Clause 33.3 (Extension of Commitments), to determine (A) whether or not to participate; and (B) if it wishes to participate, the amount of its Commitment (up to its Pro Rata Share) that it is willing to extend on the proposed terms.

(b) For the purposes of paragraph (a) above, “Pro Rata Share” means in relation to a Lender whose Commitments are being extended, the percentage of the aggregate amount of the relevant Extended Loans that that Lender’s Commitment bears to the Total Commitments.

(c) For the avoidance of doubt, prior to the date on which the Company and the relevant Lender(s) execute an Extension Amendment Agreement, the Company shall have no obligation to proceed with any proposed extension.
33.5 Disenfranchisement of Defaulting Lenders

(a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:

(i) the Majority Lenders; or

(ii) whether:

(A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents,

that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender’s Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of this Clause 33.5, the Agent may assume that the following Lenders are Defaulting Lenders:

(i) any Lender which has notified the Agent that it has become a Defaulting Lender;

(ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of “Defaulting Lender” has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

33.6 Excluded Commitments

If:

(a) any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within fifteen Business Days of that request being notified to the Lenders (or, if later, within 15 Business Days of the date on which the Lenders have received such information as the Agent determines is reasonably required to allow the Lenders to respond to the relevant request in an informed manner); or

(b) any Lender which is not a Defaulting Lender fails to respond to such a request for such a vote within fifteen Business Days of that request being made,

(unless, in either case, the Company and the Agent agree to a longer time period in relation to any request):

(i) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and
(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

### 33.7 Replacement of Lender

(a) If:

(i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (d) below); or

(ii) an Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (Illegality) or to pay additional amounts pursuant to Clause 13 (Increased Costs), Clause 12.2 (Tax gross-up) or Clause (Tax indemnity) to any Lender; or

(iii) any Lender becomes a Defaulting Lender or ceases to have a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or A3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency,

then the Company may, on fifteen (15) Business Days’ prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 22 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution or other entity (a “Replacement Lender”) selected by the Company, which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 22 (Changes to the Lenders) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) The replacement of a Lender pursuant to this Clause 33.7 shall be subject to the following conditions:

(i) the Company shall have no right to replace the Agent;

(ii) neither the Agent nor the Lender shall have any obligation to the Company to find a Replacement Lender;

(iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 Business Days after the date on which that Lender is deemed a Non-Consenting Lender;

(iv) in no event shall a Lender replaced under this Clause 33.7 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and

(v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.

(c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.
(d) In the event that:

(i) the Company or the Agent (at the request of the Company) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;

(ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and

(iii) Lenders whose Commitments aggregate more than eighty per cent. (80%) of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than eighty per cent. (80%) of the Total Commitments prior to that reduction) have consented or agreed to such waiver or amendment, then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a “Non-Consenting Lender”.

34. Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

35. Contractual Recognition of Bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including:

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

36. Governing Law

This Agreement is governed by the laws of Hong Kong.

37. Enforcement

37.1 Jurisdiction of Hong Kong courts

(a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute regarding the existence, validity or termination of this Agreement) (a “Dispute”).

(b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
(c) This Clause 37.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

37.2 Waiver of immunities

Each Obligor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

(a) suit;

(b) jurisdiction of any court;

(c) relief by way of injunction or order for specific performance or recovery of property;

(d) attachment of its assets (whether before or after judgment); and

(e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

This Agreement has been entered into on the date stated at the beginning of this Agreement.
<table>
<thead>
<tr>
<th>Name of Original Lender</th>
<th>Commitment (HK$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>BANK OF CHINA (HONG KONG) LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG)</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td>CITIBANK N.A., HONG KONG BRANCH</td>
<td>[REDACTED]</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>HK$7,653,750,000</strong></td>
</tr>
</tbody>
</table>
Schedule 2
Conditions Precedent

1. Obligors

(a) A copy of the constitutional documents of each Obligor (comprising, its currently effective memorandum and articles of association, certificate of incorporation (and certificate(s) of incorporation on change of name, if any), register of directors and register of mortgages and charges).

(b) A copy of a resolution of the board of directors of each Obligor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and (iv) in the case of the Guarantor, resolving that it is in the best interests of the Guarantor to enter into the transactions contemplated by the Finance Documents to which it is a party, giving reasons.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A certificate from each Obligor (signed by a director) confirming that borrowing, guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.

(e) A certificate of an authorised signatory of each Obligor certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(f) A copy of a certificate of good standing of the Guarantor.

(g) A copy of a certificate of incumbency (or registered office provider’s certificate) from the registered office provider of the Guarantor.

(h) A copy of the current business registration certificate of the Company.

(i) A copy of the register of members of the Company.

2. Finance Documents

Copies of the following (duly executed and delivered by all parties thereto):

(a) this Agreement;

(b) the Intercreditor Agreement; and

(c) each Fee Letter.
3. **Legal opinions**

   (a) A legal opinion as to Hong Kong law from White & Case in relation to the documents referred to in paragraph 2 above, addressed to the Mandated Lead Arrangers, the Agent and the Original Lenders and in form and substance satisfactory to the Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

   (b) A legal opinion as to Cayman Islands law from Maples and Calder (Hong Kong) LLP, addressed to the Mandated Lead Arrangers, the Agent and the Original Lenders and in form and substance satisfactory to the Mandated Lead Arrangers, the Agent and the Original Lenders (acting reasonably).

4. **Other documents and evidence**

   (a) [Intentionally left blank.]

   (b) A copy of the Group Structure Chart.

   (c) Evidence that any fees, costs and expenses then due from the Company pursuant to Clause 11 *(Fees)* and Clause 16 *(Costs and Expenses)* have been paid or will be paid by the first Utilisation Date.

   (d) A certified copy of each contract of Property Insurances in existence at the time.

   (e) A certified copy of each Development Right Document.

   (f) A certified copy of the Budget which shall be dated no earlier than 30 days prior to the proposed initial Utilisation Date.

   (g) To the extent available, a certified copy of each of the following documents in existence at the time:

      (i) each Project Development Document; and

      (ii) the Project Development Plan.

   (h) A copy of the facility agreement in respect of the CNAC Facility duly executed and delivered by all parties thereto.
Part 1 Utilisation Request

From: Hong Kong Cingleot Investment Management Limited

To: [Agent]

Dated:

Dear Sirs

Hong Kong Cingleot Investment Management Limited

HK$7,653,750,000 Facility Agreement dated [       ] (the “Facility Agreement”)

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement shall have the same meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

   Proposed Utilisation Date: [          ] (or, if that is not a Business Day, the next Business Day)

   Currency of Loan: HK Dollars

   Amount: [          ] or, if less, the Available Facility

   Interest Period: [          ]

3. We confirm that each applicable condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. The proceeds of this proposed Loan will be used for [specify relevant purposes as permitted by Clause 3.1 (Purpose)].

5. [The proceeds of this Loan should be credited to [account].]

6. This Utilisation Request is irrevocable.

Yours faithfully

[Authorised signatory for Hong Kong Cingleot Investment Management Limited]
Part 2 Selection Notice

From: Hong Kong Cingleot Investment Management Limited

To: [Agent]

Dated:

Dear Sirs

Hong Kong Cingleot Investment Management Limited
HK$7,653,750,000 Facility Agreement dated [ ] (the “Facility Agreement”)

1. We refer to the Facility Agreement. This is a Selection Notice. Terms defined in the Facility Agreement shall have the same meaning in this Selection Notice.

2. We refer to the following Loan[s] with an Interest Period ending on [•].

3. We request that the next Interest Period for the above Loan[s] is [•].

4. This Selection Notice is irrevocable.

Yours faithfully

———
authorised signatory for

Hong Kong Cingleot Investment Management Limited
Schedule 4
Form of Transfer Certificate

To: [ ] as Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”) and

Dated:

Hong Kong Cingleot Investment Management Limited
HK$7,653,750,000 Facility Agreement dated [ ] (the “Facility Agreement”)

1. We refer to Clause 22.5 (Procedure for transfer) of the Facility Agreement. This is a Transfer Certificate. Terms used in the Facility Agreement shall have the same meaning in this Transfer Certificate.

2. The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with Clause 22.5 (Procedure for transfer), all of the Existing Lender’s rights and obligations under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitments and participations in Loans under the Facility Agreement as specified in the Schedule.

3. The proposed Transfer Date is [ ].

4. The Facility Office and address, fax number and attention particulars for notices of the New Lender for the purposes of Clause 29.2 (Addresses) are set out in the Schedule.

5. The New Lender expressly acknowledges:

   (a) the limitations on the Existing Lender’s obligations set out in paragraphs (a) and (c) of Clause 22.4 (Limitation of responsibility of Existing Lenders); and

   (b) that it is the responsibility of the New Lender to ascertain whether any document is required or any formality or other condition requires to be satisfied to effect or perfect the transfer contemplated by this Transfer Certificate or otherwise to enable the New Lender to enjoy the full benefit of each Finance Document.

6. The New Lender confirms that it is a “New Lender” within the meaning of Clause 22.1 (Transfers by the Lenders).

7. The New Lender confirms that it is not an Industrial Competitor.

8. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

9. This Transfer Certificate is governed by the law of Hong Kong.

10. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.
THE SCHEDULE

Commitment/rights and obligations to be transferred, and other particulars

Commitment/participation(s) transferred

Drawn Loan(s) participation(s) amount(s): [ ]
Available Commitment amount: [ ]

Administration particulars:

New Lender’s receiving account: [ ]
Address: [ ]
Telephone: [ ]
Facsimile: [ ]
Email: [ ]
Attn/Ref: [ ]
[the Existing Lender] [the New Lender]

By: By:

This Transfer Certificate is executed by the Agent and the Transfer Date is confirmed as [ ].

[the Agent]

By:

Note: It is the New Lender’s responsibility to ascertain whether any other document is required, or any formality or other condition is required to be satisfied, to effect or perfect the transfer contemplated in this Transfer Certificate or to give the New Lender full enjoyment of all the Finance Documents.
Schedule 5
Form of Confidentiality Undertaking

[Letterhead of Existing Lender]

To:

[insert name of potential transferee / Participant]

The Facility Agreement

Borrower: Hong Kong Cingleot Investment Management Limited
Date of Facility Agreement:
Amount: HK$7,653,750,000
Agent: Citicorp International Limited

Dear Sirs

We understand that you are considering acquiring an interest in the Facility Agreement and (if applicable) the other Finance Documents which, subject to the Facility Agreement, may be by way of novation, the entering into, whether directly or indirectly, of a sub-participation or any other transaction under which payments are to be made or may be made by reference to one or more Finance Documents and/or the Borrower or by way of investing in or otherwise financing, directly or indirectly, any such novation, sub-participation or other transaction (the “Acquisition”).

In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

(a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information; and

(b) until the Acquisition is completed, to use the Confidential Information only for the Permitted Purpose.

2. Permitted Disclosure

You may disclose Confidential Information:

(a) to any member of the Purchaser Group, its professional advisers, officers, directors, employees, auditors and other persons providing services to it (provided that such person is under a duty of confidentiality in relation to the Confidential Information, professional, contractual or otherwise, to you) to the extent necessary for the Permitted Purpose, if such person to whom the Confidential Information is to be given pursuant to this paragraph is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
(b) (i) where requested or required by any court of competent jurisdiction or any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Purchaser Group;

(c) to any person:

(i) to (or through) whom you transfer (or may potentially transfer) all or any of the rights, benefits and obligations which you may acquire under the Facility Agreement; or

(ii) with (or through) whom you enter into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Facility, the Facility Agreement and/or one or more of the other Finance Documents or the Borrower,

provided that such person has delivered to you (with a copy to the Borrower) a letter in equivalent form to this letter; and

(d) notwithstanding paragraphs (a) to (c) above, to such persons to whom, and on the same terms as, a Finance Party is permitted to disclose Confidential Information under the Facility Agreement, as if such permissions were set out in full in this letter and as if references in those permissions to a Finance Party were references to you.

3. Notification of Required or Unauthorised Disclosure

To the extent practicable and permitted by law and regulation, you agree to inform us:

(a) of the full circumstances of any disclosure under paragraph 2(b) above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. Return/Destruction of Confidential Information

If you do not enter into the Acquisition and we so request in writing, you shall:

(a) return or destroy all Confidential Information supplied to you by us;

(b) destroy or permanently erase all copies of Confidential Information made by you; and

(c) use reasonable endeavours to ensure that anyone who has received any Confidential Information destroys or permanently erases such Confidential Information and all copies made by them,

in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or where required by the rules of any stock exchange on which the shares or other securities of any member of the Purchaser Group are listed or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2(b) above.

However, you and any such recipients shall not be under any obligation to return, destroy or permanently erase any Confidential Information:
(i) contained in any work produced by any member of the Purchaser Group, its professional
advisers or other persons providing services to it, to the extent that any of them are required
by any applicable law, rule or regulation or by any competent banking, taxation, judicial,
governmental, supervisory, regulatory or equivalent body or stock exchange or by internal
policy to retain such work; or

(ii) contained in any computer record or file which has been created by or pursuant to any
automatic electronic archiving system or IT back-up procedure.

5. Continuing Obligations

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions
or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter
shall cease on the earliest of:

(a) if you become a party to the Facility Agreement as a lender of record, the date on which you become
such a party to the Facility Agreement;

(b) if you enter into the Acquisition but it does not result in you becoming a party to the Facility
Agreement as a lender of record, the date falling twelve (12) months after the date on which all of
your rights and obligations contained in the documentation entered into to implement that
Acquisition have terminated;

(c) in any other case, the date falling twelve (12) months after the date of your final receipt (in whatever
manner) of any Confidential Information.

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

(a) neither we nor any member of the Group nor any of our or their respective officers, employees,
affiliates or advisers (each a “Relevant Person”) (i) make any representation or warranty, express
or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any
of the Confidential Information or any other information supplied by us or any member of the Group
or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any
inaccuracy in the Confidential Information or any other information supplied by us or any member
of the Group or be otherwise liable to you or any other person in respect of the Confidential
Information or any such information; and

(b) we or members of the Group may be irreparably harmed by the breach of the terms of this letter and
damages may not be an adequate remedy; each Relevant Person may be granted an injunction or
specific performance for any threatened or actual breach by you of the provisions of this letter.

If you become a party to the Finance Documents, the terms of paragraph (a) above are without prejudice to
your right to enforce and enjoy any term of any Finance Document on and from the date on which you
become a party to the Finance Documents.

7. No Waiver; Amendments, etc.

This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the
information the subject of this letter and supersedes any previous agreement, whether express or implied,
regarding the information the subject of this letter. No failure or delay in exercising any right, power or
privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right,
power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege
under this letter. The terms of this letter and your obligations under this letter may be amended or modified only by written agreement between you and us.

8. Inside Information

You acknowledge that some or all of the Confidential Information is or may be pricesensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing or market misconduct and you undertake not to use any Confidential Information for any unlawful purpose.

9. Nature of Undertakings

The undertakings given by you in this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each member of the Group.

10. Third party rights

Subject to this paragraph 10 and to paragraphs 6 and 9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Ordinance (the “Third Parties Ordinance”) to enforce or to enjoy the benefit of any term of this letter.

The Relevant Persons and each member of the Group may enjoy the benefit of the terms of paragraphs 6 and 9 subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.

Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of Hong Kong and the courts of Hong Kong have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this letter.

12. Definitions

In this letter (including the acknowledgement set out below):

“Confidential Information” means the Finance Documents, any information relating to any Obligor, the Group, the Finance Documents or the Facility (including without limitation the information package and any other information provided in relation to the Facility) provided to you by us or any of our affiliates or advisers, in whatever form, and:

(a) includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, but

(b) excludes information that:

(i) is or becomes public knowledge other than as a direct or indirect result of any breach by you of this letter, or

(ii) is known by you before the date the information is provided to you by us or any of our affiliates or advisers, or

(iii) is lawfully disclosed to you, other than from a source which is connected with the Group, after the date it is provided to you by us or any of our affiliates or advisers,
and which, in the case of sub-paragraphs (b)(ii) and (b)(iii), as far as you are aware, has not been disclosed in violation of, and is not otherwise subject to, any obligation of confidentiality.

“Facility Agreement” means the Facility Agreement described in the heading of this letter.

“Finance Documents” means the documents defined in the Facility Agreement as Finance Documents.

“Finance Party” means the parties defined in the Facility Agreement as Finance Parties.

“Group” means the Guarantor and each of its Holding Companies and Subsidiaries and each Subsidiary of each of its Holding Companies.

“Holding Company” means, in relation to any company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“Permitted Purpose” means considering and evaluating whether to enter into the Acquisition.

“Purchaser Group” means you, your head office and any other branch, each of your Holding Companies and Subsidiaries and each Subsidiary of each of your Holding Companies.

“Subsidiary” means, in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

——

for and on behalf of

[Existing Lender]

To: [Existing Lender]
   The Guarantor and each other member of the Group

We acknowledge and agree to the above:

——

for and on behalf of

[potential transferee / Participant]
BANK OF CHINA (HONG KONG) LIMITED
Beneficiary Name:
Bank Code:
Swift Code:
Account Number:
For the account of:
Reference (if any):

CITIBANK N.A., HONG KONG BRANCH
BANK NAME:
SWIFT:
BANK CODE:
BRANCH CODE:
ATTENTION:

DBS BANK (HONG KONG) LIMITED (INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF HONG KONG)
Beneficiary Bank:
Swift Code:
Bank Code:
Branch Code:
Account Number:
Reference (if any):

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
By CHATS/RTGS
(Bank code / Branch code):
Receiving Bank Name:
Swift Code:
Account Name:
Account Number:
Reference (if any):

MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH
Bank Code:
Branch Code:
Swift Code:
The Company

HONG KONG CINGLEOT INVESTMENT MANAGEMENT LIMITED

By: /s/ ZHENG Haining
   Name: ZHENG Haining
   Title: Director
The Company

HONG KONG CINGLEOT INVESTMENT MANAGEMENT LIMITED

By: /s/ LIU Zixin
    Name: LIU Zixin
    Title: Authorized Signatory
The Original Guarantor

ALIBABA GROUP HOLDING LIMITED

By: /s/ YAO Michael Yuen-Jen
Name: YAO Michael Yuen-Jen
Title: Authorized Signatory
The New Guarantor

ALIBABA GROUP SERVICES LIMITED

By: /s/ QIN Yuehong
Name: QIN Yuehong
Title: Authorized Signatory
The Agent

CITICORP INTERNATIONAL LIMITED

By: /s/ Patrick Wong
   Name: Patrick Wong
   Title: Senior Vice President
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Location</th>
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<tbody>
<tr>
<td>Taobao Holding Limited (Cayman Islands)</td>
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<td>Taobao China Holding Limited (Hong Kong)</td>
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<td>Taobao (China) Software Co., Ltd. (PRC)</td>
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<td>Zhejiang Tmall Technology Co., Ltd. (PRC)</td>
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<td>Alibaba (Beijing) Software Services Co., Ltd. (PRC)</td>
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<tr>
<td>Alibaba Group Properties Limited (Cayman Islands)</td>
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<td>Ali CN Investment Holding Limited (BVI)</td>
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<td>Ali KB Investment Holding Limited (Cayman Islands)</td>
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<td>Alibaba Investment Limited (BVI)</td>
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<td>Ali WB Investment Holding Limited (Cayman Islands)</td>
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<td>AutoNavi Holdings Limited (Cayman Islands)</td>
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<td>Perfect Advance Holding Limited (BVI)</td>
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<td>Ali Fortune Investment Holding Limited (BVI)</td>
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<td>Alibaba WLCC Limited (Cayman Islands)</td>
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<td>Hangzhou Ali Venture Capital Co., Ltd. (PRC)</td>
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<td>Hema Investment Holding Limited (BVI)</td>
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<td>Alitrip Holding Limited (Cayman Islands)</td>
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<td>Alibaba.com Hong Kong Limited (Hong Kong)</td>
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<td>Alibaba (China) Technology Co., Ltd. (PRC)</td>
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<td>Shenzhen OneTouch Business Service Ltd. (PRC)</td>
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<td>Shanghai Dee Industrial Development Co., Ltd. (PRC)</td>
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<td>Lazada South East Asia Pte Ltd (Singapore)</td>
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<td>Alibaba Cloud (Singapore) Private Limited (Singapore)</td>
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<td>Alibaba.com Singapore E-Commerce Private Limited (Singapore)</td>
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<td>Hangzhou Alimama Software Services Co., Ltd. (PRC)</td>
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<tr>
<td>Alibaba Cloud Computing Ltd. (PRC)</td>
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*Other subsidiaries and consolidated entities of Alibaba Group Holding Limited have been omitted because, in the aggregate, they would not be a “significant subsidiary” as defined in rule 1-02(w) of Regulation S-X as of the end of the fiscal year covered by this report.
I, Daniel Yong Zhang, Chief Executive Officer of Alibaba Group Holding Limited (the “Company”), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Company and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Dated: July 21, 2023

By: /s/ Daniel Yong Zhang
Name: Daniel Yong Zhang
Title: Chairman and Chief Executive Officer
Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Toby Hong Xu, Chief Financial Officer of Alibaba Group Holding Limited (the “Company”), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Company and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Dated: July 21, 2023

By: /s/ Toby Hong Xu
Name: Toby Hong Xu
Title: Chief Financial Officer
Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Daniel Yong Zhang, Chairman and Chief Executive Officer of Alibaba Group Holding Limited (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

a. the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Dated: July 21, 2023

By: /s/ Daniel Yong Zhang
Name: Daniel Yong Zhang
Title: Chairman and Chief Executive Officer
Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Toby Hong Xu, Chief Financial Officer of Alibaba Group Holding Limited (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

a. the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Dated: July 21, 2023

By: /s/ Toby Hong Xu
    Name: Toby Hong Xu
    Title: Chief Financial Officer
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-199133, No. 333-214595, No. 333-219292, No. 333-226521, No. 333-233794, No. 333-248584, No. 333-259186, No. 333-265439 and No. 333-272514) and Form F-3 (No. 333-252669) of Alibaba Group Holding Limited of our report dated July 21, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
Hong Kong, July 21, 2023
July 21, 2023

Alibaba Group Holding Limited
26/F Tower One, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Dear Sirs,

We consent to the references to our firm under “Item 3. Key Information-Key Information Related to Doing Business in the People’s Republic of China”, “Item 3. Key Information-D. Risk Factors-Risks Related to Our Business and Industry-Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection, which are subject to change and uncertain interpretation. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business”, “Item 3. Key Information-D. Risk Factors-Risks Related to our Corporate Structure-If the PRC government deems that the contractual arrangements in relation to the VIEs do not comply with PRC regulations on foreign investment, or if these regulations or the interpretation of existing regulations changes in the future, we could be subject to penalties, or be forced to relinquish our interests in the operations of the VIEs, which would materially and adversely affect our business, financial results, trading prices of our ADSs, Shares and/or other securities”, “Item 4. Information on the Company-B. Business Overview- Permissions and Approvals Required to be Obtained from PRC Authorities for our Business Operations”, “Item 4. Information on the Company-B. Business Overview- Permissions and Approvals Required to be Obtained from PRC Authorities for our Securities Offerings”, “Item 4. Information on the Company-C. Organizational Structure-VIE Structure”, “Item 6. Directors, Senior Management and Employees-B. Compensation-Employment Agreements” and “Item 10. Additional Information-E. Taxation” in Alibaba Group Holding Limited’s Annual
Report on Form 20-F for the year ended March 31, 2023 (the “Annual Report”), which is filed with the Securities and Exchange Commission (the “SEC”) on July 21, 2023. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Fangda Partners
Fangda Partners
Alibaba Group Holding Limited
26/F Tower One, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

21 July 2023

Alibaba Group Holding Limited

We have acted as legal advisors as to the laws of the Cayman Islands to Alibaba Group Holding Limited, an exempted company incorporated with limited liability in the Cayman Islands (the "Company"), in connection with the filing by the Company with the United States Securities and Exchange Commission of an annual report on Form 20-F for the fiscal year ended March 31, 2023.

We hereby consent to the reference of our name under the heading "Item 10. Additional Information E. Taxation – Cayman Islands Taxation" in the Form 20-F.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP
I, Daniel Yong Zhang, Chief Executive Officer of Alibaba Group Holding Limited. (the “Company”), certify that to my knowledge following due inquiry:

(1) As of the date hereof, the directors and officers of the Company consist of: Daniel Yong Zhang, Joseph C. Tsai, J. Michael Evans, Maggie Wei Wu, Jerry Yang, Wan Ling Martello, Weijian Shan, Irene Yun-Lien Lee, Albert Kong Ping Ng, Kabir Misra, Toby Hong Xu, Jane Fang Jiang, Zeming Wu, Sara Siying Yu, Trudy Shan Dai, Yongfu Yu, Fan Jiang, Lin Wan and Luyuan Fan;

(2) None of the Company’s directors or officers are representatives of any government entity in the People’s Republic China (the “PRC”);

(3) As of the date hereof, the following shareholder holds 10% or more of the total outstanding ordinary shares of the Company: SoftBank Group Corp.;

(4) No shareholder that holds 10% or more of the total outstanding ordinary shares of the Company is controlled by any government entity in the PRC;

(5) Alibaba Partnership is not controlled by any government entity in the PRC;

(6) There are no voting, acting-in-concert or other agreements or arrangements, nomination, appointment, designation or other rights, or material relationships, in each case between the Company or any of the aforementioned directors or officers or shareholders or Alibaba Partnership, on the one hand, and any other person, on the other hand, that could result in such other person being deemed to control the Company; and

(7) Based on the above, the Company is not owned or controlled by a government entity in the PRC.

Date: July 21, 2023

By: /s/ Daniel Yong Zhang
Name: Daniel Yong Zhang
Title: Chief Executive Officer