
DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets out certain information in respect of our directors and senior management:

Name	Age	Position(s)	Date of appointment as director or senior manager	Year of joining our Group ⁽⁴⁾
William Lei Ding	48	Director, and chief executive officer	July 6, 1999	1997
Charles Zhaoxuan Yang	36	Chief financial officer	June 30, 2017	2017
Alice Cheng ⁽²⁾	58	Independent director	June 1, 2007	N/A
Denny Lee ⁽⁴⁾	52	Independent director	April 1, 2002	2001
Joseph Tong ⁽²⁾⁽³⁾	57	Independent director	March 25, 2003	N/A
Lun Feng	60	Independent director	July 28, 2005	N/A
Michael Leung ⁽²⁾	66	Independent director	July 11, 2002	N/A
Michael Tong ⁽⁴⁾	49	Independent director	December 1, 1999	2003

Notes:

- (1) Except for William Lei Ding and Charles Zhaoxuan Yang, the remaining persons are all independent directors under applicable U.S. regulations and independent non-executive directors for the purpose of the Hong Kong Listing Rules. There are no family relationships among any of the directors or executive officers of our company.
- (2) Alice Cheng, Joseph Tong and Michael Leung are members of the audit, compensation and nominating committees.
- (3) Joseph Tong is currently designated as the “audit committee financial expert” under the applicable rules of the SEC and he also has the appropriate professional accounting or financial management experience for the purpose of Rule 3.10(2) of the Hong Kong Listing Rules.
- (4) Being the year in which the director or senior manager joined our Group as an executive, officer or employee. Denny Lee and Michael Tong no longer hold positions within our Group other than their directorships on our board.

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BIOGRAPHIES

Our directors

Our board consists of seven directors, including six independent directors. See “— Board Practices” for the functions and duties of our board. Our board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws, including the Hong Kong Listing Rules.

Lei Ding, also known as William Lei Ding, our founder, has served as our director since July 1999 and as our chief executive officer since November 2005. From March 2001 until November 2005, Mr. Ding served as our chief architect, and from June 2001 until September 2001, he served as our acting chief executive officer and acting chief operating officer. From July 1999 until March 2001, Mr. Ding served as co-chief technology officer, and from July 1999 until April 2000, he also served as our interim chief executive officer. Mr. Ding established Guangzhou NetEase and Shanghai EaseNet, our affiliates, in June 1997 and January 2008. Mr. Ding holds a Bachelor of Science degree in Communication Technology from the University of Electronic Science and Technology of China.

Alice Yu-Fen Cheng, also known as Alice Cheng, has served as our director since June 2007. Ms. Cheng has been the chief financial officer of BBK Electronics Corp., Ltd., a PRC-based manufacturer of audio-visual equipment, since May 2005. From 2010 to 2013, Ms. Cheng served as a supervisor of Wistron Information Technology Corporation in Taiwan, an information technology company with operations in Taiwan, China and Japan. From 2002 to 2005, Ms. Cheng served as financial controller of Wistron Corporation, a Taiwanese original design manufacturer of notebook computers and other electronics. Prior to that, Ms. Cheng held various positions with Acer Inc., a Taiwanese computer manufacturer, culminating in the position of financial controller. Ms. Cheng received a Bachelor of Accounting from the Chinese Culture University in Taiwan in 1983 and a Masters of Business Administration from the Thunderbird School of Global Management in Arizona in 2003; Ms. Cheng is also licensed as a certified public accountant in Taiwan and the PRC.

Denny Ting Bun Lee, also known as Denny Lee, has served as our director since April 2002. Mr. Lee previously served as our chief financial officer from April 2002 until June 2007 and our financial controller from November 2001 until April 2002. Prior to joining our company, Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee graduated with a Professional Diploma in Accounting from the Hong Kong Polytechnic University in November 1990, and is a member of the Hong Kong Institute of Certified Public Accountants, and the Association of Chartered Certified Accountants. Mr. Lee currently serves as the chairman of the audit committees and an independent non-executive director on the boards of New Oriental Education & Technology Group Inc., (stock code: EDU), Concord Medical Services Holdings Limited (stock code: CCM), NIO Inc. (stock code: NIO), and Jianpu Technology Inc. (stock code: JT), which are listed on the New York Stock Exchange, as well as China Metal Resources Utilization Limited, which is listed on the Hong Kong Stock Exchange (stock code: 1636). See also “Risk Factors – Risks related to our Shares, the ADSs, the Listing and the Global Offering – The trading price of ADSs has been and is likely to continue to be, and the trading price of our Shares can be, volatile, which could result in substantial losses to holders of our Shares and/or the ADSs” for further information on certain pending litigation involving some of the U.S. listed companies of which Mr. Lee is an independent director.

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Joseph Tze Kay Tong, also known as Joseph Tong, has served as our director since March 2003. Mr. Tong has been a director of Parworld Investment Management Limited, which provides financial and investment advisory services, since January 2003. From December 2002 until April 2004, Mr. Tong was engaged in establishing offices and operations in Hong Kong and China, setting up accounting and internal control policies and overseeing the overall operations for TLM Apparel Co., Ltd., a garment trading company operating in Hong Kong and China which he co-founded. Prior to that, from September 2000 to September 2002, Mr. Tong was the e-commerce director of the Asia Region for Universal Music Limited where he was responsible for forming e-business development strategies and overseeing new promotional opportunities. Mr. Tong received a Bachelor of Social Science degree with honors in Accounting and Statistics from the University of Southampton, England. He is a member of the American Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants.

Lun Feng has served as our director since July 2005. Mr. Feng served as the chairman and/or director of Vantone Holdings Co., Ltd., a private real estate investment company in China, from 1993 to 2017. Mr. Feng currently is the executive director of Beijing Sifang Yufeng Investment Co., Ltd, an investment firm in China. Mr. Feng serves as an independent director on the boards of Youzu Interactive Co., Ltd. (stock code: 002174), which is listed on the Shenzhen Stock Exchange, as well as Bank of Xi'An Co., Ltd. (stock code: 600928) and Shanghai Xinnanyang Only Education & Technology Co., Ltd. (stock code: 600661), both of which are listed on the Shanghai Stock Exchange. Mr. Feng was an independent non-executive director on the board of China Everbright Bank Company Limited (stock code: 6818), a company dual listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, until July 2019; Mr. Feng continues to perform his duties on the board of this listed company until the qualifications of the succeeding independent non-executive director are approved by the China Banking and Insurance Regulatory Commission. Mr. Feng was also an independent non-executive director of Haitong Securities Co., Ltd. (stock code: 6837) from December 2014 to June 2019. Mr. Feng has a *Juris Doctor* from the Chinese Academy of Social Sciences, a Masters of Law degree from the Party School of the Chinese Communist Party, and a Bachelor of Arts in Economics from Northwest University.

Michael Man Kit Leung, also known as Michael Leung, has served as our director since July 2002. Mr. Leung is currently a responsible officer of Grand Moore Capital Limited since September 2019. Mr. Leung was appointed executive director of Unitas Holdings Limited (stock code: 8020) from September 2011 to November 2018, and served as a responsible officer from May 2011 to November 2018 of Chanceton Capital Partners Limited, a subsidiary of Unitas Holdings Limited. Previously, Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited, the principal adviser to the AIG Infrastructure Fund L.P, in 1999. Mr. Leung also held senior positions in the Hong Kong Branch of the Swiss Bank Corporation, SG Securities (HK) Limited (formerly known as Crosby Securities (Hong Kong) Limited) and Peregrine Capital Limited. Mr. Leung currently is an independent non-executive director and chairman of the audit committee for Orange Sky Golden Harvest Entertainment (Holdings) Limited (stock code: 1132) and Luye Pharma Group Ltd. (stock code: 2186), all of which are companies listed on the Hong Kong Stock Exchange. Mr. Leung also serves as an independent non-executive director on the board of China Ting Group Holdings Limited (stock code: 3398), a company listed on the Hong Kong Stock Exchange. Mr. Leung was previously an independent non-executive director and chairman of the audit committee of China Electronics Optics Valley Union Holding Company Limited (stock code: 0798) from March 2014 to May 2020 and China Huiyuan Juice Group Limited (stock code: 1886) from 2012 to 2019, both of which are companies listed on the Hong Kong Stock Exchange. Mr. Leung received a Bachelor's Degree in Social Sciences from the University of Hong Kong in October 1977 with a major in Accounting, Management and Statistics.

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Michael Sui Bau Tong, also known as Michael Tong, has served as our director since December 1999. Mr. Tong joined our company as an executive from 2003 to 2009 and served as our co-chief operating officer from 2004 to 2009. Mr. Tong is an independent non-executive director and chairman of the audit committee of Koolearn Technology Holding Limited (stock code: 1797), a company listed on the Hong Kong Stock Exchange. Mr. Tong graduated with a Bachelor of Business Administration from the University of Wisconsin, Madison with a major in Accounting and an extra concentration in Computer Science in 1993.

Save as disclosed in this document, and in “Risk Factors — Risks related to our Shares, the ADSs, the Listing and the Global Offering — The trading price of ADSs has been and is likely to continue to be, and the trading price of our Shares can be, volatile, which could result in substantial losses to holders of our Shares and/or the ADSs,” there is no other matter that is material and required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Senior management (aside from our directors)

Charles Zhaoxuan Yang has served as our chief financial officer since June 2017. Prior to joining us, Mr. Yang was an executive director of the China technology, media and telecommunications, and corporate finance team at J.P. Morgan Securities (Asia Pacific) Limited and based in Hong Kong for almost a decade. Mr. Yang currently serves as an independent director on the board of So-Young International Inc. (stock code: SY), a company listed on the Nasdaq. Mr. Yang holds a master’s degree in Business Administration from the University of Hong Kong, and a bachelor’s degree from Wesleyan University with majors in Economics and Mathematics. Mr. Yang is a Certified Public Accountant licensed in the State of Michigan.

COMPENSATION

Compensation of our directors and senior managers

For the three fiscal years ended December 31, 2019, we paid an aggregate amount of RMB8.2 million, RMB7.2 million and RMB17.6 million, respectively, to our directors and senior managers as a group, and granted restricted share unit awards under the 2009 RSU Plan to each of our independent directors, representing less than 1% of our total outstanding Shares per annum in settlement of the awards upon vesting.

For each of the three fiscal years ended December 31, 2019, we also granted RSU awards under our 2009 RSU Plan to our chief financial officer, representing less than 1% of our total outstanding Shares per annum in settlement of the awards upon vesting. In addition, certain of our subsidiaries, including Youdao, granted options pursuant to their respective share incentive plans to our chief financial officer, which are exercisable for ordinary shares of those subsidiaries representing less than 1% of their total outstanding shares; see “— Share incentive plans of our subsidiaries.”

For equity-based grants to our directors and executive officers, see “— Our share incentive plans.”

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Director indemnification agreements

All of our current directors have entered into indemnification agreements in which we agree to indemnify, to the fullest extent allowed by Cayman Islands law, our charter documents or other applicable law, those directors from any liability or expenses, unless the liability or expense arises from the director's own willful negligence or willful default. The indemnification agreements also specify the procedures to be followed with respect to indemnification.

We do not have service contracts with any of our directors that provide for benefits upon termination.

Employment agreements

We have entered into employment and related agreements with each of our executive officers. These agreements include: (i) a covenant that prohibits the executive officer from engaging in any activities that compete with our business during and for one to two years after their employment with us; (ii) a requirement that executive officers assign all rights in company-related inventions to us and to keep our proprietary information confidential; and (iii) provisions for severance payments in the event the executive officer is terminated without cause or resigns for good reason.

Our share incentive plans

We have adopted two share incentive plans: (a) the 2009 RSU Plan that was adopted in November 2009 and expired in November 2019; and (b) the 2019 RSU Plan that was adopted in October 2019 as a replacement of the 2009 RSU Plan and has a ten-year term, expiring in October 2029.

The purpose of our RSU Plans is to attract and retain the best available personnel, to provide additional incentive to employees, directors and consultants and to promote the success of our business. The RSU Plans provide for the granting of incentive awards of restricted share units, which may or may not be granted with dividend equivalent rights. Participants under the RSU Plans will not receive any account status reports.

See Note 20 in the Accountant's Report at Appendix IA for more information on grants.

We summarize the other key terms of our RSU Plans below:

Plan administration

Our board has designated our compensation committee to administer the RSU Plans, and it may designate one or more of our officers to exercise its authority from time to time.

Securities subject to the RSU Plans

Under the 2009 RSU Plan, the maximum aggregate number of Shares issuable pursuant to all awards under the plan is 323,694,050 Shares. The 2009 RSU Plan has expired and no new awards may be granted under this plan.

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Under the 2019 RSU Plan, the maximum aggregate number of Shares issuable pursuant to all awards under the plan is 322,458,300 Shares. These Shares may, in whole or in part, be authorized but unissued shares or shares that will have been or may be reacquired by us. It is anticipated that all future awards to our employees, directors and consultants will be granted pursuant to the 2019 RSU Plan or any other future plan adopted by our board and, if appropriate, our shareholders.

The 2009 RSU Plan provides that in the event of certain corporate transactions, including specified types of mergers and acquisition transactions, each outstanding award granted under the 2009 RSU Plan shall automatically become fully vested and be released from any restrictions on transfer and repurchase or forfeiture rights, immediately prior to the specified effective date of such corporate transaction, unless the award is assumed by the successor company or its parent company in connection with the corporate transaction. Upon consummation of such corporate transactions, each outstanding award shall be terminated unless the award is assumed by the successor company or its parent company in connection with the applicable corporate transaction. Our board will determine whether an award was assumed in the manner contemplated by the 2009 RSU Plan.

The 2019 RSU Plan provides that in the event of certain corporate transactions, including specified types of mergers and acquisition transactions, the administrator may: (i) accelerate the vesting, in whole or in part, of any award; (ii) 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 (iii) 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.

Eligibility

Awards can be issued to participants of the RSU Plans, which include employees, directors or consultants of us, our subsidiaries, our VIEs and certain other related entities.

Awards under the RSU Plans

Awards under the RSU Plans are evidenced by an award agreement that contains, among other things, such provisions concerning how the restricted share unit may be settled upon vesting and forfeiture upon termination of employment or the consulting arrangement (by reason of death, disability, retirement or otherwise) as have been determined by our board.

Restricted share units do not represent any actual ownership interest in us. The units granted correspond in number and value to a specified number of our Shares. No actual shares are issued. Instead, the units are tracked in a bookkeeping account. The units may be subject to forfeiture provisions to replicate the treatment of restricted shares. The units can ultimately be paid in cash or Shares, as our board determines and as set forth in the applicable award agreement. Dividend equivalents may be paid on the units. A dividend equivalent right entitles the participant to receive cash compensation measured by the dividends paid with respect to our Shares. The dividend equivalents may be paid out at the time of the dividend or may be credited to the participant's account and converted to additional units.

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Conditions of awards

Our board, either acting directly or through our compensation committee or one or more of our officers, is authorized to determine the provisions, terms and conditions of each award, including the award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, settlement of the award, payment contingencies and satisfaction of any performance criteria established by our board. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the award agreement.

Amendment; termination

Under the RSU Plans, our board may at any time terminate, suspend, or amend the RSU Plans in any respect, except that no termination, suspension or amendment will be effective without shareholder approval if such approval is required to comply with any law, regulation or stock exchange rule and no such change may adversely affect any award previously granted without the written consent of the recipient.

Non-transferability of awards

Under the RSU Plans, awards may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or by the laws of descent and distribution and during the lifetime of the participants, to the extent and in the manner provided in the award agreement. The RSU Plans permit the designation of beneficiaries by holders of awards in the event of the participant's death. After any such transfer, the original recipient shall continue to remain subject to the withholding tax requirements described below.

Payment of taxes

No Shares shall be delivered under the RSU Plans to any participant or other person until the participant or other person has made arrangements acceptable to us regarding payment of Chinese, Cayman Islands, U.S. and any other federal, state, provincial, local or other taxes required by law. Alternatively, we will withhold or collect from the participant an amount sufficient to satisfy such tax obligations.

Share incentive plans of our subsidiaries

In addition, certain of our other subsidiaries have adopted their own equity incentive plans, which allow the relevant subsidiaries to grant options or other awards to certain of our employees. The options under these plans expire in five to ten years from the date of grant and either vest or have a vesting commencement date upon certain conditions being met. The awards can become 100% vested on the vesting commencement date, or vest in two, three, four or five substantially equal annual installments, with the first installment vesting on the vesting commencement date. See "Statutory and General Information — Further Information About Us — Share incentive plan of Youdao" in Appendix IV for more information on the share incentive plan of our separately listed entity, Youdao.

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BOARD PRACTICES

Nomination and terms of our directors

At each annual general meeting of our shareholders, our shareholders are asked to elect the directors nominated to serve for the ensuing year or until their successors are elected and duly qualified, or until such director's earlier death, bankruptcy, insanity, resignation or removal. We have no specific policy with respect to director attendance at our annual general meetings of Shareholders, and no director attended the annual general meeting of shareholders held on September 13, 2019.

Duties of our 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.

Independence of our directors

Each of our six non-executive directors has been determined by our board to be "independent" under applicable U.S. regulations and act as an "independent non-executive director" for the purpose of the Hong Kong Listing Rules; they have each given a confirmation on their "independence" to us and the Hong Kong Stock Exchange, addressing the factors set out in Rule 3.13 of the Hong Kong Listing Rules. Joseph Tong is currently designated as the "audit committee financial expert" under the applicable rules of the SEC and he also has the appropriate professional accounting or financial management experience for the purpose of Rule 3.10(2) of the Hong Kong Listing Rules.

Board committees

Our board has three committees, the audit committee, the compensation committee and the nominating committee. The audit, compensation and nominating committees are composed solely of non-employee directors, as defined in Rule 16b-3 under the Exchange Act and our board has determined that all the members are "independent" as defined in Rule 5605(a)(2) of the Nasdaq rules. See Note 2 to the table set out in "— Overview" for the members of our three board committees.

Audit committee

Our board has adopted a written audit committee charter, pursuant to which the audit committee is responsible for overseeing the accounting and financial reporting processes of our company, including the appointment, compensation and oversight of the work of our independent auditors, monitoring compliance with our accounting and financial policies and evaluating management's procedures and policies relative to the adequacy of our internal accounting controls. Joseph Tong currently acts as the "audit committee financial expert" under the applicable rules of the SEC.

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Compensation committee

Our board has adopted a written compensation committee charter, pursuant to which the compensation committee is responsible for, among other things, annually reviewing and approving our company's corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating such officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by our board), determining and approving the chief executive officer's compensation level based on this evaluation. The committee annually reviews and makes recommendations to our board with respect to non-chief executive officer compensation, incentive compensation plans and equity based plans, administers our incentive compensation plans and equity-based plans as in effect and as adopted from time to time by our board (our board retains, however, the authority to interpret such plans), and approves any new equity compensation plan or any material change to an existing plan where shareholders' approval has not been obtained.

Nominating committee

Our board has adopted a written nominating committee charter, pursuant to which the nominating committee is responsible for monitoring the size and composition of our board and considering and making recommendations to our board with respect to the nominations or elections of the directors of our company.